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ABSTRACT

On February 25-28, 1974 and April 1, 1974, the Subcommittee on Department of the Interior and Related Agencies of the House Committee on Appropriations met to hear testimony on the budget estimates for fiscal year (FY) 1975. Budget estimates for the Department of the Interior include new obligational authority and appropriations to liquidate contract authority. The budget also contains supplemental estimates for FY 1974. The proposed increase reflects a "strong commitment" to meeting the Department's American Indian, energy, environmental, and other responsibilities. Some of the major policies reflected in the budget are: Indian policy, Menominee budget, block grant legislation, Alaska Native claims, civil service status for Indians, energy programs and organization, leasing policy, and crude oil prices. Among the witnesses were the Secretary of the Interior and representatives from the Bureau of Indian Affairs, Indian Claims Commission, Office of Indian Education, Indian Health Service, Office of Territorial Affairs, Guam Economic Development Authority, Samoan Legislature, and the Trust Territory of the Pacific Islands. (NQ)

ED103162

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# DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR 1975

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## HEARINGS

BEFORE A

## SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

NINETY-THIRD CONGRESS

SECOND SESSION

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# DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1975

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MONDAY, FEBRUARY 25, 1974.

## 1975 BUDGET OVERVIEW—DEPARTMENT OF THE INTERIOR

### WITNESSES

HON. ROGERS C. B. MORTON, SECRETARY OF THE INTERIOR
JOHN C. WHITAKER, UNDER SECRETARY
JAMES T. CLARKE, ASSISTANT SECRETARY—MANAGEMENT
RICHARD R. HITE, DEPUTY ASSISTANT SECRETARY—MANAGEMENT
KEN M. BROWN, LEGISLATIVE COUNSEL
FRANCIS M. WILES, DIRECTOR OF BUDGET
JACK O. HORTON, ASSISTANT SECRETARY—LAND AND WATER RESOURCES
WILLIAM A. VOGELY, ACTING DEPUTY ASSISTANT SECRETARY—ENERGY AND MINERALS

Mrs. HANSEN. The committee will come to order.

This is the 1975 budget overview hearing. We have as our principal witness this morning Secretary Rogers C. B. Morton. May I again welcome you to the committee, Mr. Secretary. It is always a pleasure to have you present.

### INTRODUCTION OF WITNESSES

If you will, would you at this time introduce the witnesses with you.

Secretary MORTON. Thank you, Madam Chairman.

I have with me the Under Secretary, Dr. Whitaker; Deputy Assistant Secretary Hite; Frank Wiles, who is our Budget Director, whom you have known for a long time; Assistant Secretary Jim Clarke; and Assistant Secretary Horton. I am going to have, I think, Ken Brown of our legislative counsel; and Roy Hughes, who is on my staff and who is at the present time substituting for the Assistant Secretary for program development and budget.

Mrs. HANSEN. Thank you very much, Mr. Secretary. Before I go any further, may I say that again the committee is glad that you are back with us and not in the hospital.

Secretary MORTON. Thank you very much.

Mrs. HANSEN. We are delighted. This is the first meeting of the Subcommittee on the Department of the Interior and Related Agencies to hear testimony on the budget estimates for fiscal year 1975. The budget estimates for the part of the Department of the Interior included in this bill for new obligational authority and appropriations to liquidate contract authority total $2,597,760,000. This is an increase of $811,231,500 over appropriations enacted to date for fiscal year 1974. The budget also contains supplemental estimates of $255,750,000 for fiscal year 1974.

### SUMMARY TABLES

At this point in the record, we will insert a comparative statement of all items included in this bill, along with miscellaneous tables concerning the Department of the Interior's funding and personnel. We will also insert the justifications for the many permanent appropriations for the Department of the Interior.

[The information follows:]

## COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1974 AND THE BUDGET ESTIMATES FOR 1975

[NOTE.—All amounts are in the form of "appropriations" unless otherwise indicated.]

| Agency and item (1) | New budget (obligational) authority appropriated, 1974 (enacted to date) (2) | Budget estimates of new (obligational) authority, 1975 (3) | Budget estimates, 1975, compared with 1974 appropriations (4) |
|---|---|---|---|
| TITLE I—DEPARTMENT OF THE INTERIOR | | | |
| LAND AND WATER RESOURCES | | | |
| BUREAU OF LAND MANAGEMENT | | | |
| Management of lands and resources | $92, 382, 000 | $129, 034, 000 | +$36, 652, 000 |
| Construction and maintenance | 6, 800, 000 | 6, 655, 000 | −145, 000 |
| *Public lands development roads and trails (appropriation to liquidate contract authority)* | *(4, 000, 000)* | *(4, 070, 000)* | *(+70, 000)* |
| Oregon and California grant lands (indefinite, appropriation of receipts) | 28, 750, 000 | 28, 750, 000 | |
| Range improvements (indefinite, appropriation of receipts) | 3, 242, 000 | 4, 503, 000 | +1, 261, 000 |
| Recreation development and operation of recreation facilities (indefinite, special fund) | 165, 000 | 242, 000 | +77, 000 |
| Total, Bureau of Land Management | 131, 339, 000 | 169, 184, 000 | +37, 845, 000 |
| OFFICE OF WATER RESOURCES RESEARCH | | | |
| Salaries and expenses | 13, 689, 000 | 12, 700, 000 | −989, 000 |
| Total, Land and Water Resources | 145, 028, 000 | 181, 884, 000 | +36, 856, 000 |
| FISH AND WILDLIFE AND PARKS | | | |
| BUREAU OF OUTDOOR RECREATION | | | |
| Salaries and expenses | 4, 396, 000 | 5, 040, 000 | +644, 000 |
| LAND AND WATER CONSERVATION FUND | | | |
| Appropriation of receipts (indefinite) | 76, 223, 000 | 300, 000, 000 | +223, 777, 000 |
| BUREAU OF SPORT FISHERIES AND WILDLIFE | | | |
| Resource management | 80, 887, 000 | 101, [illegible], 000 | +20, 208, 000 |
| Construction and anadromous fish | 8, 126, 500 | 8, 597, 000 | +470, 500 |
| Migratory bird conservation account (definite, repayable advance) | 3, 500, 000 | | −3, 500, 000 |
| Total, Bureau of Sport Fisheries and Wildlife | 92, 513, 500 | 109, 692, 000 | +17, 178, 500 |
| NATIONAL PARK SERVICE | | | |
| Operation of the National Park System | 183, 052, 000 | 210, 058, 000 | +27, 006, 000 |
| Planning and construction | 20, 012, 000 | 57, 303, 000 | +37, 291, 000 |
| *Road construction (appropriation to liquidate contract authority)* | *(35, 000, 000)* | *(23, 000, 000)* | *(−12, 000, 000)* |
| Preservation of historic properties | 15, 559, 000 | 24, 375, 000 | +8, 816, 000 |
| Planning, development and operation of recreation facilities (indefinite, special fund) | 30, 378, 000 | 11, 900, 000 | −18, 478, 000 |
| John F. Kennedy Center for the Performing Arts | 2, 400, 000 | 2, 420, 000 | +20, 000 |
| Total, National Park Service | 251, 401, 000 | 306, 056, 000 | +54, 655, 000 |
| Total, Fish and Wildlife and Parks | 424, 533, 500 | 720, 788, 000 | +296, 254, 500 |

See footnote at end of table, p. VIII.

## COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1974 AND THE BUDGET ESTIMATES FOR 1975—Continued

[NOTE.—All amounts are in the form of "appropriations" unless otherwise indicated.]

| Agency and item (1) | New budget (obligational) authority appropriated, 1974 (enacted to date) (2) | Budget estimates of new (obligational) authority, 1975 (3) | Budget estimates, 1975, compared with 1974 appropriations (4) |
|---|---|---|---|
| TITLE I—DEPARTMENT OF THE INTERIOR—Continued | | | |
| ENERGY AND MINERALS | | | |
| GEOLOGICAL SURVEY | | | |
| Surveys, investigations, and research | $161, 382, 000 | $230, 871, 000 | +$69, 489, 000 |
| MINING ENFORCEMENT AND SAFETY ADMINISTRATION | | | |
| Salaries and expenses | 56, 494, 000 | 68, 146, 000 | +11, 652, 000 |
| BUREAU OF MINES | | | |
| Mines and minerals | 101, 400, 000 | 212, 347, 000 | +110, 947, 000 |
| OFFICE OF [illegible] | | | |
| Salaries and expenses | 123, 400, 000 | 283, 400, 000 | +160, 000, 000 |
| FUEL ALLOCATION, OIL AND [illegible] PROGRAMS | | | |
| Salaries and expenses | 36, 130, 000 | 70, 100, 000 | +33, 970, 000 |
| Total, Energy and Minerals | 478, 806, 000 | 864, 864, 000 | +386, 058, 000 |
| INDIAN AFFAIRS | | | |
| BUREAU OF INDIAN AFFAIRS | | | |
| Operation of Indian programs | 396, 228, 000 | 453, 807, 000 | +57, 579, 000 |
| *Education and welfare services (appropriation to liquidate contract authority)* | *(793, 000)* | | *(−793, 000)* |
| Construction | 54, 723, 000 | 51, 875, 000 | −2, 848, 000 |
| *Road construction (appropriation to liquidate contract authority)* | *(43, 000, 000)* | *(59, 000, 000)* | *(+16, 000, 000)* |
| Miscellaneous appropriations | 70, 000, 000 | 70, 000, 000 | |
| Miscellaneous trust funds (definite) | 3, 000, 000 | 3, 000, 000 | |
| Miscellaneous trust funds (indefinite) | 15, 500, 000 | 15, 500, 000 | |
| Total, Bureau of Indian Affairs | 539, 451, 000 | 594, 182, 000 | +54, 731, 000 |
| TERRITORIAL AFFAIRS | | | |
| OFFICE OF TERRITORIAL AFFAIRS | | | |
| Administration of territories | 14, 500, 000 | 15, 000, 000 | +500, 000 |
| *Permanent appropriation (special fund)* | *(420, 000)* | *(625, 000)* | *(+205, 000)* |
| *Transferred from other accounts (special fund)* | *(645, 000)* | *(875, 000)* | *(+230, 000)* |
| Trust Territory of the Pacific Islands | 57, 886, 000 | 61, 000, 000 | +3, 114, 000 |
| Micronesian claims fund, Trust Territory of the Pacific Islands | | 1, 400, 000 | +1, 400, 000 |
| Total, Office of Territorial Affairs | 72, 386, 000 | 77, 400, 000 | +5, 014, 000 |

See footnote at end of table, p. VIII.

## COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1974 AND THE BUDGET ESTIMATES FOR 1975—Continued

[NOTE.—All amounts are in the form of "appropriations" unless otherwise indicated.]

| Agency and item<br>(1) | New budget (obligational) authority appropriated, 1974 (enacted to date)<br>(2) | Budget estimates of new (obligational) authority, 1975<br>(3) | Budget estimates 1975, compared with 1974 appropriations<br>(4) |
|---|---|---|---|
| SECRETARIAL OFFICES | | | |
| OFFICE OF THE SOLICITOR | | | |
| Salaries and expenses | $8, 499, 000 | $11, 520, 000 | +$3, 021, 000 |
| OFFICE OF THE SECRETARY | | | |
| Salaries and expenses | 24, 455, 000 | 20, 047, 000 | −4, 408, 000 |
| Departmental operations | 6, 280, 000 | 9, 554, 000 | +3, 274, 000 |
| Saline water research | 3, 627, 000 | 3, 029, 000 | −598, 000 |
| Energy conservation and analysis | | 27, 900, 000 | +27, 900, 000 |
| Salaries and expenses (special foreign currency program) | 670, 000 | 522, 000 | −148, 000 |
| Total, Office of the Secretary | 35, 032, 000 | 61, 052, 000 | +26, 020, 000 |
| Total, Secretarial offices | 43, 531, 000 | 72, 572, 000 | +29, 041, 000 |
| Total, new budget (obligational) authority, Department of the Interior | 1, 703, 735, 500 | 2, 511, 690, 000 | +807, 954, 500 |
| Consisting of— | | | |
| Appropriations | 1, 703, 735, 500 | 2, 511, 690, 000 | +807, 954, 500 |
| Definite appropriations | (1, 549, 477, 500) | (2, 150, 795, 000) | (+601, 317, 500) |
| Indefinite appropriations | (154, 258, 000) | (360, 895, 000) | (+206, 637, 000) |
| Memoranda— | | | |
| Appropriations to liquidate contract authority | (82, 793, 000) | (86, 070, 000) | (+3, 277, 000) |
| Total, new budget (obligational) authority and appropriations to liquidate contract authority | (1, 786, 528, 500) | (2, 597, 760, 000) | (+811, 231, 500) |
| TITLE II—RELATED AGENCIES | | | |
| DEPARTMENT OF AGRICULTURE | | | |
| FOREST SERVICE | | | |
| Forest protection and utilization: | | | |
| Forest land management | 267, 351, 000 | 291, 136, 000 | +23, 785, 000 |
| Forest research | 60, 400, 000 | 64, 485, 000 | +4, 085, 000 |
| State and private forestry cooperation | 27, 760, 000 | 29, 746, 000 | +1, 986, 000 |
| Total, forest protection and utilization | 355, 511, 000 | 385, 367, 000 | +29, 856, 000 |
| Construction and land acquisition | 26, 443, 000 | 24, 147, 000 | −2, 296, 000 |
| Youth conservation corps | 10, 000, 000 | 10, 240, 000 | +240, 000 |
| *Forest roads and trails (appropriation to liquidate contract authority)* | *(92, 200, 000)* | *(121, 000, 000)* | *(+28, 800, 000)* |

See footnote at end of table, p. VIII.

## COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1974 AND THE BUDGET ESTIMATES FOR 1975—Continued

[Note.—All amounts are in the form of "appropriations" unless otherwise indicated.]

| Agency and item<br>(1) | New budget (obligational) authority appropriated, 1974 (enacted to date)<br>(2) | Budget estimates of new (obligational) authority, 1975<br>(3) | Budget estimates, 1975, compared with 1974 appropriations<br>(4) |
|---|---|---|---|
| TITLE II—RELATED AGENCIES—Continued | | | |
| DEPARTMENT OF AGRICULTURE—Continued | | | |
| FOREST SERVICE—continued | | | |
| Acquisition of lands for national forests: | | | |
| Special acts (special fund, indefinite) | $94,000 | $161,000 | +$67,000 |
| Acquisition of lands to complete land exchanges | 55,300 | 39,310 | −15,990 |
| Cooperative range improvements (special fund, indefinite) | 700,000 | 700,000 | |
| Assistance to States for tree planting | 1,013,000 | 1,346,000 | +333,000 |
| Construction and operation of recreation facilities (indefinite, special fund) | 3,278,000 | 1,260,000 | −2,018,000 |
| Total, Forest Service | 397,094,300 | 423,260,310 | +26,166,010 |
| COMMISSION OF FINE ARTS | | | |
| Salaries and expenses | 143,000 | 176,000 | +33,000 |
| DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE | | | |
| HEALTH SERVICES ADMINISTRATION | | | |
| Indian health | 234,210,000 | 280,999,000 | +46,789,000 |
| OFFICE OF EDUCATION | | | |
| Indian education | 40,000,000 | 42,000,000 | +2,000,000 |
| INDIAN CLAIMS COMMISSION | | | |
| Salaries and expenses | 1,086,000 | 1,333,000 | +247,000 |
| NATIONAL CAPITAL PLANNING COMMISSION | | | |
| Salaries and expenses | 1,459,000 | 1,840,000 | +381,000 |
| NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES | | | |
| SALARIES AND EXPENSES | | | |
| Endowment for the arts | 54,275,000 | 72,000,000 | +17,725,000 |
| Endowment for the humanities | 44,500,000 | 72,000,000 | +27,500,000 |
| Administrative expenses | 6,500,000 | 11,000,000 | +4,500,000 |
| Subtotal, salaries and expenses | 105,275,000 | 155,000,000 | +49,725,000 |
| MATCHING GRANTS | | | |
| Endowment for the arts (indefinite) | 6,500,000 | 10,000,000 | +3,500,000 |
| Endowment for the humanities (indefinite) | 6,500,000 | 10,000,000 | +3,500,000 |
| Subtotal, matching grants | 13,000,000 | 20,000,000 | +7,000,000 |
| Total, National Foundation on the Arts and the Humanities | 118,275,000 | 175,000,000 | +56,725,000 |

See footnote at end of table, p. VIII.

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## COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1974 AND THE BUDGET ESTIMATES FOR 1975—Continued

[NOTE.—All amounts are in the form of "appropriations" unless otherwise indicated.]

| Agency and item (1) | New budget (obligational) authority appropriated, 1974 (enacted to date) (2) | Budget estimates of new (obligational) authority, 1975 (3) | Budget estimates, 1975, compared with 1974 appropriations (4) |
|---|---|---|---|
| TITLE II—RELATED AGENCIES—Continued | | | |
| SMITHSONIAN INSTITUTION | | | |
| Salaries and expenses | $57, 088, 000 | $71, 559, 000 | +$14, 471, 000 |
| Museum programs and related research (special foreign currency program) | 4, 500, 000 | 4, 500, 000 | |
| Construction, restoration, repair, and improvements | 4, 860, 000 | 11, 325 000 | +6, 465, 000 |
| *Construction (appropriation to liquidate contract authority)* | *(17, 000, 000)* | *(10, 000, 000)* | *(−7, 000, 000)* |
| Salaries and expenses, National Gallery of Art | 5, 832, 000 | 6, 673, 000 | +841, 000 |
| Salaries and expenses, Woodrow Wilson International Center for Scholars | 800, 000 | 1, 010, 000 | +210, 000 |
| Total, Smithsonian Insitution | 73, 080, 000 | 95, 067, 000 | +21, 987, 000 |
| HISTORICAL AND MEMORIAL COMMISSIONS | | | |
| AMERICAN REVOLUTION BICENTENNIAL ADMINISTRATION | | | |
| Salaries and expenses | 7, 100, 000 | 9, 719, 000 | +2, 619, 000 |
| NATIONAL COUNCIL ON INDIAN OPPORTUNITY | | | |
| Salaries and expenses | 275, 000 | 300, 000 | +25, 000 |
| FEDERAL METAL AND NONMETALLIC MINE SAFETY BOARD OF REVIEW | | | |
| Salaries and expenses | 60, 000 | 63, 000 | +3, 000 |
| JOINT FEDERAL-STATE LAND USE PLANNING COMMISSION FOR ALASKA | | | |
| Salaries and expenses | 694, 400 | 694, 400 | |
| PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION | | | |
| Salaries and expenses | 500, 000 | 831, 000 | +331, 000 |
| Total, new budget (obligational) authority, Related Agencies | 873, 976, 700 | 1, 031, 282, 710 | +157, 306, 010 |
| Consisting of— | | | |
| Appropriations | 873, 976, 700 | 1, 031, 282, 710 | +157, 306, 010 |
| Definite appropriations | (856, 904, 700) | (1, 009, 161, 710) | (+152, 257, 010) |
| Indefinite appropriations | (17, 072, 000) | (22, 121, 000) | (+5, 049, 000) |
| Memoranda— | | | |
| Appropriations to liquidate contract authority | (109, 200, 000) | (131, 000, 000) | (+21, 800, 000) |
| Total, new budget (obligational) authority *and* appropriations to liquidate contract authority | (983, 176, 700) | (1, 16[illegible], 282, 710) | (+179, 106, 010) |

See footnote at end of table, p. VIII.

## COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1974 AND THE BUDGET ESTIMATES FOR 1975—Continued

[NOTE.—All amounts are in the form of "appropriations" unless otherwise indicated.]

| Agency and item (1) | New budget (obligational) authority appropriated, 1974 (enacted to date) (2) | Budget estimates of new (obligational) authority, 1975 ¹ (3) | Budget estimates, 1975, compared with 1974 appropriations (4) |
|---|---|---|---|
| RECAPITULATION | | | |
| Grand total, new budget (obligational) authority, all titles | $2,577,712,200 | $3,542,972,710 | +$965,260,510 |
| Consisting of— | | | |
| Appropriations | 2,577,712,200 | 3,542,972,710 | +965,260,510 |
| Definite appropriations | (2,406,382,200) | (3,159,956,710) | (+753,574,510) |
| Indefinite appropriations | (171,330,000) | (383,016,000) | (+211,686,000) |
| Memoranda—<br>Appropriations to liquidate contract authority | (191,993,000) | (217,070,000) | (+25,077,000) |
| Grand total, new budget (obligational) authority and appropriations to liquidate contract authority | (2,769,705,200) | (3,760,042,710) | (+990,337,510) |

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[1] Includes budget amendments contained in H. Doc. 93-209 as follows:

| | |
|---|---|
| Bureau of Land Management: Management of lands and resources | $9,700,000 |
| Bureau of Sport Fisheries and Wildlife: Resource management | 800,000 |
| Geological Survey: Surveys, investigations, and research | 25,800,000 |
| Bureau of Mines: Mines and minerals | 102,500,000 |
| Office of Coal Research: Salaries and expenses | 148,400,000 |
| Office of the Secretary: Energy conservation and analysis | 12,800,000 |
| Total, budget amendments | 300,600,000 |

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## COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1974 AND THE BUDGET ESTIMATES FOR 1975

### PERMANENT NEW BUDGET (OBLIGATIONAL) AUTHORITY—FEDERAL FUNDS

[Becomes available automatically under earlier, or "permanent," law without further, or annual action by the Congress. Thus, these amounts are not included in the accompanying bill]

| Budget Appendix Page No. | Agency and item (1) | New budget (obligational) authority, 1974 (2) | Budget estimate of new (obligational) authority, 1975 (3) | Increase (+) or decrease (−) (4) |
|---|---|---|---|---|
| | Department of the Interior—Indefinite ¹ | | | |
| | Payments to State and local governments: | | | |
| 525 | Payments to States (proceeds of sales) | $325, 000 | $350, 000 | + $30, 000 |
| 525 | Payment of royalties to Oklahoma | | 1, 000 | + 1, 000 |
| 525 | Payments to States from grazing receipts, public lands | 1, 190, 000 | 1, 475, 000 | + 285, 000 |
| 525 | Coos Bay Wagon Road grant lands, payments to Coos Bay and Douglas Counties, Oreg., in lieu of taxes | 525, 000 | 525, 000 | |
| 545 | Oregon and California grant lands, payment to counties | 47, 191, 000 | 57, 500, 000 | + 10, 309, 000 |
| 525 | Mineral leasing, payment to States | 54, 388, 000 | 58, 734, 000 | + 4, 346, 000 |
| 525 | Payment to counties, national grasslands, Bureau of Land Management | 242, 000 | 311, 000 | + 69, 000 |
| 551 | Payment to counties under Migratory Bird Conservation Act | 2, 710, 261 | 3, 000, 000 | + 289, 739 |
| 559 | Educational expenses, children of employees, Yellowstone National Park | 294, 000 | 265, 000 | − 29, 000 |
| 559 | Payments to State of Wyoming, in lieu of taxes on lands in Grand Teton National Park, National Park Service | 23, 000 | 25, 000 | + 2, 000 |
| 587 | Claim and treaty obligations, Bureau of Indian Affairs | 161, 000 | 161, 000 | |
| 587 | Acquisition of lands and loans to Indians in Oklahoma, Act of June 26, 1936 | 10, 000 | 10, 000 | |
| 593 | Office of Comptroller for Guam | 420, 000 | 625, 000 | + 205, 000 |
| 594 | Internal Revenue collections for Virgin Islands, Territorial Affairs | 23, 200, 000 | 24, 900, 000 | + 1, 700, 000 |
| | Subtotal | 130, 683, 261 | 147, 891, 000 | + 17, 207, 739 |
| | Receipts applied to operations: | | | |
| 525 | Expenses, Public Land Administration Act | 1, 200, 000 | 1, 200, 000 | |
| 550 | Migratory bird conservation fund | 11, 000, 000 | 12, 000, 000 | + 1, 000, 000 |
| 551 | Management of national wildlife refuges and enforcement activities | 1, 289, 739 | 1, 000, 000 | − 289, 739 |
| 551 | Expenses, incident to sale of refuge products | 500, 000 | 700, 000 | + 200, 000 |
| 551 | Proceeds from sales, water resources development projects | 15, 000 | 15, 000 | |

See footnotes at end of table, p XI

## COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1974 AND THE BUDGET ESTIMATES FOR 1975—Continued

### PERMANENT NEW BUDGET (OBLIGATIONAL) AUTHORITY—FEDERAL FUNDS—Continued

[Becomes available automatically under earlier, or "permanent" law without further, or annual action by the Congress. Thus, these amounts are not included in the accompanying bill]

| Budget Appendix Page No. | Agency and item (1) | New budget (obligational) authority, 1974 (2) | Budget estimate of new (obligational) authority, 1975 (3) | Increase (+) or decrease (−) (4) |
|---|---|---|---|---|
| | Department of the Interior—Indefinite [2]—Continued | | | |
| | Receipts applied to operations—Continued | | | |
| 559 | Operation, management, maintenance, and demolition of acquired properties, Independence National Historical Park | $19, 000 | | −$19, 000 |
| 587 | Operations and maintenance revenue, Indian irrigation systems | 4, 169, 000 | $4, 830, 000 | +661, 000 |
| 587 | Power revenues, Indian irrigation projects | 3, 400, 000 | 3, 400, 000 | |
| 599 | Litter prevention and cleanup | 25, 000 | 25, 000 | |
| | Subtotal | 21, 617, 739 | 23, 170, 000 | +1, 552, 261 |
| | Mixed receipts: | | | |
| | Federal aid in fish restoration and management: | | | |
| 551 | Payments to States | 14, 589, 348 | 17, 700, 000 | +3, 110, 652 |
| 551 | Applied to operations | 950, 000 | 1, 100, 000 | +150, 000 |
| | Federal aid in wildlife restoration: | | | |
| 551 | Payments to States | 47, 100, 268 | 51, 085, 000 | +3, 984, 732 |
| 551 | Applied to operations | 2, 700, 000 | 3, 100, 000 | +400, 000 |
| | Subtotal | 65, 339, 616 | 72, 985, 000 | +7, 645, 384 |
| | Contract authority: | | | |
| 522 | Public lands development roads and trails | 20, 000, 000 | 10, 000, 000 | −10, 000, 000 |
| 545 | Land and water conservation, Bureau of Outdoor Recreation | 30, 000, 000 | 30, 000, 000 | |
| 556 | Road construction, National Park Service | 195, 000, 000 | 105, 000, 000 | −90, 000, 000 |
| 581 | Operation of Indian programs (indefinite) | 1, 500, 000 | | −1, 500, 000 |
| 585 | Road construction, Bureau of Indian Affairs | 150, 000, 000 | 75, 000, 000 | −75, 000, 000 |
| | Subtotal | 396, 500, 000 | 220, 000, 000 | −176, 500, 000 |
| | Total, Department of the Interior | 614, 140, 616 | 464, 046, 000 | −150, 094, 616 |
| | American Revolution Bicentennial Administration: | | | |
| 885 | Commemorative activities fund (indefinite) | 7, 024, 000 | 5, 119, 000 | −1, 905, 000 |

See footnotes at end of table, p. IX.

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## COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1974 AND THE BUDGET ESTIMATES FOR 1975—Continued

### PERMANENT NEW BUDGET (OBLIGATIONAL) AUTHORITY—FEDERAL FUNDS—Continued

[Becomes available automatically under earlier, or "permanent" law without further, or annual action by the Congress. Thus, these amounts are not included in the accompanying bill]

| Budget Appendix Page No. | Agency and item (1) | New budget (obligational)[1] authority, 1974 (2) | Budget estimate of new (obligational) authority, 1975 (3) | Increase (+) or decrease (−) (4) |
|---|---|---|---|---|
| | Department of Agriculture—Forest Service—Definite: | | | |
| 210 | Forest roads and trails (contract authority) | $140, 000, 000 | $140, 000, 000 | |
| | Payments to States and local governments (indefinite): | | | |
| 214 | Payments to States, national forests fund (25 percent fund) | 113, 668, 668 | 101, 200, 000 | −$12, 468, 668 |
| 214 | Payments to Minnesota (Cook, Lake, and St. Louis Counties) | 259, 038 | 259, 038 | |
| 214 | Payments to counties, national grasslands | 549, 000 | 549, 000 | |
| 214 | Payments to school funds, Arizona and New Mexico | 124, 307 | 115, 000 | −9, 307 |
| | Subtotal | 254, 601, 013 | 242, 123, 038 | −12, 477, 975 |
| | Receipts applied to operations: | | | |
| 214 | Expenses, brush disposal (indefinite) | 23, 000, 000 | 22, 440, 000 | −560, 000 |
| 214 | Roads and trails for States (10 percent fund) (indefinite) | 45, 468, 547 | 40, 500, 000 | −4, 968, 547 |
| 214 | Forest fire prevention (Smokey Bear) (indefinite) | 250, 000 | 250, 000 | |
| 214 | Restoration of forest lands and improvements (indefinite) | 50, 000 | 50, 000 | |
| | Subtotal | 68, 768, 547 | 63, 240, 000 | −5, 528, 547 |
| | Total, Department of Agriculture—Forest Service | 323, 369, 560 | 305, 363, 038 | −18, 006, 522 |
| | Total, permanent new budget (obligational) authority, Federal funds | 944, 534, 176 | 774, 528, 038 | −170, 006, 138 |

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[1] Some amounts are estimated and therefore subject to change.

[2] Exclusive of Bonneville Power Administration, Bureau of Reclamation, Southeastern Power Administration, Southwestern Power Administration, Alaska Power Administration, and Underground Electric Power Transmission Research (which will be considered in connection with the Public Works for Water and Power Development and Atomic Energy Commission appropriation bill).

## COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1974 AND THE BUDGET ESTIMATES FOR 1975

### PERMANENT NEW BUDGET (OBLIGATIONAL) AUTHORITY—TRUST FUNDS

[Becomes available automatically under earlier, or "permanent" law without further, or annual action by the Congress. Thus, these amounts are not included in the accompanying bill]

| Budget Appendix Page No. | Agency and item (1) | New budget (obligational) authority, 1974 (2) | Budget estimate of new (obligational) authority, 1975 (3) | Increase (+) or decrease (−) (4) |
|---|---|---|---|---|
| | Department of the Interior—Indefinite:[1] | | | |
| 527 | Deposits by individuals for surveying public lands | $64, 000 | $64, 000 | |
| 527 | Administration and protection of grazing districts | 445, 000 | 445, 000 | |
| 527 | Trustee funds, Alaska townsites, Bureau of Land Management | 1, 000 | 1, 000 | |
| 552 | Contributed funds, Bureau of Sport Fisheries and Wildlife | 1, 663, 000 | 1, 663, 000 | |
| 561 | Donations, National Park Service | 2, 697, 000 | 2, 697, 000 | |
| 561 | Birthplace of Abraham Lincoln, preservation of, National Park Service | 3, 000 | 3, 000 | |
| 561 | Jefferson National Expansion Memorial, contributions | 300, 000 | 300, 000 | |
| 571 | Contributed funds, Bureau of Mines | 1, 300, 000 | 800, 000 | −$500, 000 |
| 572 | Co-sponsor fund, Office of Coal Research | 10, 000, 000 | 13, 000, 000 | +3, 000, 000 |
| 590 | Indian moneys, proceeds of labor, agencies, schools, etc. | 4, 369, 000 | 3, 869, 000 | −500, 000 |
| 590 | Funds contributed for Indian projects | 129, 000 | 129, 000 | |
| 590 | Bequest of George C. Edgeter, relief of indigent Indians | 2, 000 | 2, 000 | |
| 590 | Miscellaneous trust funds of Indian tribes[2] | 145, 500, 000 | 83, 500, 000 | −62, 000, 000 |
| 600 | Cooperation with foreign agencies, Office of Saline Water | 44, 000 | | −44, 000 |
| 600 | *Office of Saline Water (appropriation to liquidate contract authority)* | *(66, 000)* | | *(−66, 000)* |
| | Total, Department of the Interior | 166, 517, 000 | 106, 473, 000 | −60, 044, 000 |
| 218 | Department of Agriculture—Forest Service, cooperative work (indefinite) | 63, 700, 000 | 67, 600, 000 | +3, 900, 000 |
| | Other agencies—Indefinite: | | | |
| 901 | National Foundation on the Arts and the Humanities: Gifts and donations | 15, 424, 000 | 20, 000, 000 | +4, 576, 000 |
| | Smithsonian Institution: | | | |
| 933 | Canal Zone biological area fund | 40, 000 | 40, 000 | |
| 936 | Joint Federal-State Land Use Planning Commission for Alaska: Cooperative funds | 500, 000 | 500, 000 | |
| 422 | Contributions, Indian health | 1, 235, 000 | 1, 250, 000 | +15, 000 |
| | Total, other agencies | 17, 199, 000 | 21, 790, 000 | +4, 591, 000 |
| | Grand total, permanent new budget (obligational) authority, trust funds | 247, 416, 000 | 195, 863, 000 | −51, 553, 000 |

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[1] Exclusive of Bonneville Power Administration, Bureau of Reclamation, Southeastern Power Administration, Southwestern Power Administration, Alaska Power Administration and Underground Electric Power Transmission Research (which will be considered in connection with the Public Works for Water and Power Development and Atomic Energy Commission appropriation bill).

[2] Annual appropriation required.

DEPARTMENT OF THE INTERIOR

Comparison of Fiscal Year 1974 New Budget (Obligational) Authority with Fiscal Year 1975 Estimates

| Bureau or Office and Appropriation Title | Fiscal Year 1974 Appropriation | Fiscal Year 1974 Pay Cost Supplemental | Fiscal Year 1974 Transfers 1/ | Fiscal Year 1974 Amount Available | Fiscal Year 1975 Estimate | Increase or Decrease 1975 Compared with 1974 |
|---|---|---|---|---|---|---|
| LAND AND WATER RESOURCES | | | | | | |
| Bureau of Land Management | | | | | | |
| Management of Lands and Resources: | | | | | | |
| Resource management, conservation and protection | $ 74,722,000 | $ 4,110,000 | $ -321,000 | $ 78,511,000 | $ 106,903,000 | $ 28,392,000 |
| Cadastral surveys | 8,201,000 | 526,000 | -103,000 | 8,624,000 | 12,580,000 | 3,956,000 |
| Firefighting and rehabilitation | 6,400,000 | -- | -- | 6,400,000 | 5,400,000 | -1,000,000 |
| General Administration | 3,059,000 | 364,000 | -- | 3,423,000 | 4,151,000 | 728,000 |
| Total, Management of Lands and Resources | 92,382,000 | 5,000,000 | -424,000 | 96,958,000 | 129,034,000 | 32,076,000 |
| Construction and Maintenance: | | | | | | |
| Construction | 3,235,000 | -- | -- | 3,235,000 | 1,703,000 | -1,532,000 |
| Maintenance | 3,565,000 | -- | -- | 3,565,000 | 4,952,000 | 1,387,000 |
| Total, Construction and Maintenance | 6,800,000 | -- | -- | 6,800,000 | 6,655,000 | -145,000 |
| Public Lands Development Roads and Trails: (Appropriation to liquidate contract authority) | (4,000,000) | -- | -- | (4,000,000) | (4,070,000) | (70,000) |
| Oregon and California Grant Lands (Indefinite, Appropriation of Receipts) | | | | | | |
| Construction and acquisition | 14,800,947 | -- | -- | 14,800,947 | 11,500,000 | -3,300,947 |
| Forest development, protection, & management | 9,649,441 | -- | -- | 9,649,441 | 13,200,000 | 3,550,559 |
| Operation and maintenance | 4,299,612 | -- | -- | 4,299,612 | 4,050,000 | -249,612 |
| Total, Oregon and California Grant Lands | 28,750,000 | -- | -- | 28,750,000 | 28,750,000 | -- |
| Range Improvements (Indefinite, Appropriation of Receipts) | | | | | | |
| Improvements to public lands | 3,057,911 | -- | -- | 3,057,911 | 4,238,000 | 1,180,089 |
| Farm Tenant Act lands | 184,198 | -- | -- | 184,198 | 265,000 | 80,802 |
| Total, Range Improvements | 3,242,109 | -- | -- | 3,242,109 | 4,503,000 | 1,260,891 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Recreation Development and Operation of Recreation Facilities (Indefinite appropriation of receipts) | | | | | | |
| Development and operation of recreation facilities | 165,000 | -- | -- | 165,000 | 242,000 | 77,000 |
| Total, Bureau of Land Management ............ | 131,339,109 | 5,000,000 | -424,000 | 135,915,109 | 169,184,000 | 33,268,891 |
| Office of Water Resources Research | | | | | | |
| Salaries and Expenses: | | | | | | |
| Assistance to States for institutes ............ | 5,640,000 | -540,000 | -- | 5,100,000 | 4,539,000 | -561,000 |
| Matching grants to institutes .................. | 3,000,000 | -- | -- | 3,000,000 | 3,000,000 | -- |
| Additional water research ...................... | 3,170,000 | -- | -- | 3,170,000 | 3,170,000 | -- |
| Scientific information center .................. | 934,000 | -- | -- | 934,000 | 940,000 | 6,000 |
| Administration ................................. | 945,000 | 80,000 | -- | 1,025,000 | 1,051,000 | 26,000 |
| Total, Office of Water Resources Research .. | 13,689,000 | -460,000 | -- | 13,229,000 | 12,700,000 | -529,000 |
| TOTAL, LAND AND WATER RESOURCES ............. | 145,028,109 | 4,540,000 | -424,000 | 149,144,109 | 181,884,000 | 32,739,891 |
| FISH AND WILDLIFE AND PARKS | | | | | | |
| Bureau of Outdoor Recreation | | | | | | |
| Salaries and Expenses: | | | | | | |
| Planning and research .. ....................... | 2,071,000 | 156,000 | -- | 2,227,000 | 2,290,000 | 63,000 |
| Federal coordination ........................... | 1,186,000 | 90,000 | -- | 1,276,000 | 1,360,000 | 84,000 |
| Technical assistance ........................... | 1,139,000 | 86,000 | -- | 1,225,000 | 1,390,000 | 165,000 |
| Total, Salaries and Expenses ................ | 4,396,000 | 332,000 | -- | 4,728,000 | 5,040,000 | 312,000 |
| Land and Water Conservation: | | | | | | |
| Assistance to States ........................... | 65,000,000 | -- | -- | 66,000,000 | 196,000,000 | 130,000,000 |
| Federal programs ............................... | 5,000,000 | -- | -- | 5,000,000 | 97,500,000 | 92,500,000 |
| Administrative expenses ........................ | 5,223,000 | -- | -28,000 | 5,195,000 | 6,500,000 | 1,305,000 |
| Total, Appropriation of Receipts (Indefinite) | 75,223,000 | -- | -28,000 | 76,195,000 | 300,000,000 | 223,805,000 |
| Total, Bureau of Outdoor Recreation ......... | 80,619,000 | 332,000 | -28,000 | 80,923,000 | 305,040,000 | 224,117,000 |

Comparison of Fiscal Year 1974 New Budget (Obligational) Authority with Fiscal Year 1975 Estimates

| Bureau or Office and Appropriation Title | Fiscal Year 1974 | | | | Fiscal Year 1975 Estimate | Increase or Decrease 1975 Compared with 1974 |
|---|---|---|---|---|---|---|
| | Appropriation | Pay Cost Supplemental | Transfers 1/ | Amount Available | | |
| FISH AND WILDLIFE AND PARKS (Cont'd) | | | | | | |
| Bureau of Sport Fisheries and Wildlife | | | | | | |
| Resources Management | | | | | | |
| Habitat preservation .......................... | $ 11,681,890 | $ 726,110 | $ | $ 12,408,000 | $ 16,801,000 | $ 4,393,000 |
| Wildlife resources ............................ | 36,269,570 | 2,193,430 | -175,391 | 38,287,609 | 45,642,000 | 7,354,391 |
| Fishery resources ............................. | 19,852,100 | 1,487,900 | -- | 21,340,000 | 23,123,000 | 1,783,000 |
| Endangered species ............................ | 4,383,640 | 276,360 | -- | 4,660,000 | 5,527,000 | 867,000 |
| Interpretation and recreation .................. | 5,287,900 | 382,100 | -- | 5,670,000 | 6,089,000 | 419,000 |
| Administration ............................... | 3,411,900 | 211,100 | -- | 3,623,000 | 3,913,000 | 290,000 |
| Total, Resources Management ................ | 80,887,000 | 5,277,000 | -175,391 | 85,988,609 | 101,095,000 | 15,106,391 |
| Construction and anadromous fish | | | | | | |
| Construction and rehabilitation | | | | | | |
| New facilities ............................... | 4,193,500 | -- | -- | 4,193,500 | 5,724,000 | 1,530,500 |
| Pollution abatement .......................... | 2,100,000 | -- | -- | 2,100,000 | 540,000 | -1,560,000 |
| Anadromous fish ............................... | 1,833,000 | -- | -- | 1,833,000 | 2,333,000 | 500,000 |
| Total, Construction and anadromous fish ..... | 8,126,500 | -- | -- | 8,126,500 | 8,597,000 | 470,500 |
| Migratory Bird Conservation Account | | | | | | |
| Acquisition of refuges and other areas ......... | 3,500,000 | -- | -- | 3,500,000 | -- | -3,500,000 |
| Total, Bureau of Sport Fisheries and Wildlife | 92,513,500 | 5,277,000 | -175,391 | 97,615,109 | 109,692,000 | 12,076,891 |
| National Park Service | | | | | | |
| Operation of the National Park System | | | | | | |
| Park management ............................... | 177,612,000 | 10,200,000 | -319,000 | 187,493,000 | 203,976,000 | 16,483,000 |
| Forest fire suppression and rehabilitation of burned areas ............................... | 700,000 | -- | -- | 700,000 | 700,000 | -- |
| Executive direction ........................... | 4,740,000 | 543,000 | -- | 5,283,000 | 5,382,000 | 99,000 |
| Total, Operation of the National Park System | 183,052,000 | 10,743,000 | -319,000 | 193,476,000 | 210,058,000 | 16,582,000 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Planning and Construction | | | | | | |
| Buildings, utilities and other facilities ...... | 11,212,000 | -- | -- | 11,212,000 | 47,857,000 | 36,645,000 |
| Park, recreation, and wilderness planning ...... | 4,400,000 | -- | -- | 4,400,000 | 5,000,000 | 600,000 |
| Cooperative programs .......................... | 3,927,500 | -- | -- | 3,927,500 | 3,927,500 | -- |
| Statutory or contractual aid for other activities | 472,500 | -- | -- | 472,500 | 518,500 | 46,000 |
| Total, Planning and Construction ........... | 20,012,000 | -- | -- | 20,012,000 | 57,303,000 | 37,231,000 |
| Road Construction (Liquidation of Contract Authority) | | | | | | |
| Roads, trails and parkways .................... | (35,000,000) | -- | -- | (35,000,000) | (23,000,000) | (-12,000,000) |
| Preservation of Historic Properties | | | | | | |
| Historic preservation and special studies ...... | 15,559,000 | 283,000 | -- | 15,842,000 | 24,375,000 | 8,533,000 |
| John F. Kennedy Center for the Performing Arts ... | 2,400,000 | -- | -- | 2,400,000 | 2,420,000 | 20,000 |
| Planning, Development and Operation of Recreation Facilities (Indefinite) | | | | | | |
| Recreation facilities ......................... | 30,378,000 | -- | -- | 30,378,000 | 11,900,000 | -18,478,000 |
| Total, National Park Service ............... | 251,401,000 | 11,026,000 | -319,000 | 262,108,000 | 306,056,000 | 43,948,000 |
| TOTAL, FISH AND WILDLIFE AND PARKS .......... | 424,533,500 | 16,635,000 | -522,391 | 440,646,109 | 720,788,000 | 280,141,891 |
| ENERGY AND MINERALS | | | | | | |
| Geological Survey | | | | | | |
| Surveys, Investigations, and Research: | | | | | | |
| Special resource and environmental projects .... | 4,053,000 | 179,000 | -- | 4,232,000 | 11,358,000 | 7,126,000 |
| Alaska Pipeline related investigations ......... | 850,000 | 55,000 | -- | 905,000 | 347,000 | -558,000 |
| Topographic surveys and mapping ................ | 34,259,000 | 2,525,000 | -- | 36,784,000 | 44,688,000 | 7,904,000 |
| Geologic and mineral resource surveys and mapping | 43,980,000 | 2,740,000 | -- | 46,720,000 | 73,090,000 | 26,370,000 |
| Minerals discovery loan program ................ | 272,000 | 19,000 | -- | 291,000 | 198,000 | -93,000 |
| Water resources investigations ................. | 42,854,000 | 2,626,000 | -- | 45,480,000 | 53,349,000 | 7,869,000 |
| Conservation of lands and minerals ............. | 16,840,000 | 933,000 | -- | 17,773,000 | 22,628,000 | 4,855,000 |
| General administration ......................... | 2,831,000 | 256,000 | -- | 3,087,000 | 3,191,000 | 104,000 |
| Facilities ..................................... | 5,700,000 | 32,000 | -- | 5,732,000 | 10,986,000 | 5,254,000 |
| Earth resources observation satellite .......... | 8,843,000 | 111,000 | -- | 8,954,000 | 7,573,000 | -1,381,000 |
| Resource and land investigations program ....... | 900,000 | 44,000 | -- | 944,000 | 954,000 | 10,000 |
| Land use data and analysis ..................... | -- | -- | -- | -- | 2,509,000 | 2,509,000 |
| Total, Geological Survey ................... | 161,382,000 | 9,520,000 | -- | 170,902,000 | 230,871,000 | 59,969,000 |

Comparison of Fiscal Year 1974 New Budget (Obligational) Authority with Fiscal Year 1975 Estimates

| Bureau or Office and Appropriation Title | Fiscal Year 1974 | | | | Fiscal Year 1975 Estimate | Increase or Decrease 1975 Compared with 1974 |
|---|---|---|---|---|---|---|
| | Appropriation | Pay Cost Supplemental | Transfers 1/ | Amount Available | | |
| ENERGY AND MINERALS (Cont'd) | | | | | | |
| Mining Enforcement and Safety Administration | | | | | | |
| Salaries and expenses | | | | | | |
| Coal mine health and safety inspections .... | $ 33,604,000 | $ 2,386,000 | $ -327,000 | $ 35,663,000 | $ 40,863,000 | $ 5,200,000 |
| Metal and nonmetal mine health and safety inspections .... | 7,574,000 | 435,000 | -- | 8,009,000 | 10,739,000 | 2,730,000 |
| Education and training .... | 6,821,000 | 243,000 | -- | 7,064,000 | 5,884,000 | -1,180,000 |
| Technical support .... | 7,194,000 | 394,000 | -- | 7,588,000 | 9,144,000 | 1,556,000 |
| Program administration .... | 1,301,000 | 88,000 | -- | 1,389,000 | 1,516,000 | 127,000 |
| Total, Mining Enforcement and Safety Admin. | 56,494,000 | 3,546,000 | -327,000 | 59,713,000 | 68,146,000 | 8,433,000 |
| Bureau of Mines | | | | | | |
| Mines and Minerals | | | | | | |
| Energy research .... | 22,796,000 | 1,015,000 | -- | 23,811,000 | 81,108,000 | 57,297,000 |
| Metallurgy research .... | 15,193,000 | 1,079,000 | -- | 16,272,000 | 19,898,000 | 3,626,000 |
| Mining research .... | 42,650,000 | 1,133,000 | -- | 43,783,000 | 89,750,000 | 45,967,000 |
| Data collection and analysis .... | 10,763,000 | 594,000 | -- | 11,357,000 | 12,343,000 | 986,000 |
| Engineering evaluation and demonstration .... | 8,696,000 | 296,000 | -- | 8,992,000 | 7,731,000 | -1,261,000 |
| Program Administration .... | 1,302,000 | 89,000 | -- | 1,391,000 | 1,517,000 | 126,000 |
| Total, Mines and Minerals .... | 101,400,000 | 4,206,000 | -- | 105,606,000 | 212,347,000 | 106,741,000 |
| Office of Coal Research | | | | | | |
| Salaries and Expenses: | | | | | | |
| Administration and contract supervision .... | 2,400,000 | -- | -- | 2,400,000 | 6,563,000 | 4,163,000 |
| Contract research .... | 121,000,000 | -- | -- | 121,000,000 | 276,837,000 | 155,837,000 |
| Total, Office of Coal Research .... | 123,400,000 | -- | -- | 123,400,000 | 283,400,000 | 160,000,000 |
| Fuel Allocation, Oil and Gas Program | | | | | | |
| Salaries and Expenses: | | | | | | |
| Coordination of oil and gas activities .... | 2,330,000 | -- | -- | 2,330,000 | 2,90[illegible] | 570,000 |
| Petroleum allocation .... | 23,800,000 | -- | -- | 23,800,000 | 57,2[illegible] | 33,400,000 |
| Contingency funding for State and Federal Shortage Programs .... | 10,000,000 | -- | -- | 10,000,000 | 10,000,000 | -- |
| Total, Fuel Allocation, Oil and Gas Programs | 36,130,000 | -- | -- | 36,130,000 | 70,100,000 | 33,970,000 |
| TOTAL, ENERGY AND MINERALS .... | 478,806,000 | 17,272,000 | -327,000 | 495,751,000 | 864,864,000 | 369,113,000 |

| | | | | | |
|---|---|---|---|---|---|
| **Bureau of Indian Affairs** | | | | | |
| Operation of Indian Programs | | | | | |
| Education | 189,627,000 | 8,566,000 | -- | 198,193,000 | 219,016,000 | 20,823,000 |
| Indian services | 92,476,000 | 1,442,000 | -- | 93,918,000 | 96,304,000 | 2,386,000 |
| Tribal resources development | 49,156,000 | 2,169,000 | -- | 51,325,000 | 57,609,000 | 6,284,000 |
| Trust responsibilities | 13,630,000 | 814,000 | -- | 14,444,000 | 17,885,000 | 3,441,000 |
| General management and facilities operation | 51,339,000 | 2,347,000 | -- | 53,686,000 | 62,993,000 | 9,307,000 |
| Total, Operation of Indian Programs | 396,228,000 | 15,338,000 | -- | 411,566,000 | 453,807,000 | 42,241,000 |
| Operation of Indian Programs (Appropriation to liquidate contract authority) | (793,000) | -- | -- | (793,000) | -- | (-793,000) |
| Construction | | | | | | |
| Buildings and utilities | 32,617,000 | -- | -116,000 | 32,501,000 | 26,832,000 | -5,669,000 |
| Irrigation systems | 21,577,000 | -- | -- | 21,577,000 | 24,514,000 | 2,937,000 |
| Direct Indian operations | 529,000 | -- | -- | 529,000 | 529,000 | -- |
| Total, Construction | 54,723,000 | -- | -116,000 | 54,607,000 | 51,875,000 | -2,732,000 |
| Road Construction (appropriation to liquidate contract authority) | (43,000,000) | -- | -- | (43,000,000) | (59,000,000) | (+16,000,000) |
| Alaska Native Claims | 70,000,000 | -- | -- | 70,000,000 | 70,000,000 | -- |
| Tribal Funds: | | | | | | |
| Definite | | | | | | |
| Education and welfare services | 105,675 | -- | -- | 105,675 | 105,675 | -- |
| Resources management | 841,612 | -- | -- | 841,612 | 841,612 | -- |
| Construction and land acquisition | 343,074 | -- | -- | 343,074 | 343,074 | -- |
| General tribal affairs | 1,709,639 | -- | -- | 1,709,639 | 1,709,639 | -- |
| Total, Definite | 3,000,000 | -- | -- | 3,000,000 | 3,000,000 | -- |
| Indefinite: | | | | | | |
| Advances to Indian tribes | 15,500,000 | -- | -- | 15,500,000 | 15,500,000 | -- |
| Total, Bureau of Indian Affairs | 539,451,000 | 15,338,000 | -116,000 | 554,673,000 | 594,182,000 | 39,509,000 |

Comparison of Fiscal Year 1974 New Budget (Obligational) Authority with Fiscal Year 1975 Estimates

| Bureau or Office and Appropriation Title | Fiscal Year 1974 Appropriation | Fiscal Year 1974 Pay Cost Supplemental | Fiscal Year 1974 Transfers 1/ | Fiscal Year 1974 Amount Available | Fiscal Year 1975 Estimate | Increase or Decrease 1975 Compared with 1974 |
|---|---|---|---|---|---|---|
| Territorial Affairs | | | | | | |
| Administration of Territories: | | | | | | |
| Guam: | | | | | | |
| Economic development fund ................ | $ 500,000 | $ -- | $ -- | $ 500,000 | $ 1,000,000 | $ 500,000 |
| American Samoa: | | | | | | |
| Governor's office ........................ | 284,000 | -- | -- | 284,000 | 320,000 | 36,000 |
| Chief Justice and High Court ............. | 272,000 | -- | -- | 272,000 | 356,000 | 84,000 |
| Grants ................................... | 13,444,000 | -- | -- | 13,444,000 | 13,324,000 | -120,000 |
| Total, Administration of Territories ..... | 14,500,000 | -- | -- | 14,500,000 | 15,000,000 | 500,000 |
| Trust Territory of the Pacific Islands: | | | | | | |
| High Commissioner's office ............... | 411,000 | -- | -- | 411,000 | 457,600 | 46,600 |
| Judiciary ................................ | 400,000 | -- | -- | 400,000 | 429,500 | 29,500 |
| Grants ................................... | 56,075,000 | -- | -- | 56,075,000 | 58,887,900 | 2,812,900 |
| Economic development loan fund ........... | 1,000,000 | -- | -- | 1,000,000 | 1,000,000 | -- |
| Federal Comptroller's office ............. | -- | -- | -- | -- | 225,000 | 225,000 |
| Total, Trust Territory of the Pacific Is. | 57,886,000 | -- | -- | 57,886,000 | 61,000,000 | 3,114,000 |
| Micronesian Claims Fund, Trust Territory | -- | -- | -- | -- | 1,400,000 | 1,400,000 |
| Total, Territorial Affairs ............... | 72,386,000 | -- | -- | 72,386,000 | 77,400,000 | 5,014,000 |
| SECRETARIAL OFFICES | | | | | | |
| Office of the Solicitor | | | | | | |
| Salaries and Expenses: | | | | | | |
| Legal services ........................... | 8,499,000 | 595,000 | -21,612 | 9,072,388 | 11,520,000 | 2,447,612 |
| Office of the Secretary | | | | | | |
| Salaries and Expenses: | | | | | | |
| Departmental direction ................... | 6,728,700 | 464,300 | 210,638 2/ | 7,403,638 | 8,229,900 | 826,262 |
| Program direction and coordination ....... | 11,214,700 | 204,600 | -- | 11,419,300 | 2,713,800 | -8,705,500 |
| Administrative management ................ | 6,193,900 | 431,100 | -252,900 3/ | 6,372,100 | 6,959,300 | 587,200 |
| General Services ......................... | 317,700 | -- | -- | 317,700 | 2,144,000 | 1,826,300 |
| Total, Salaries and Expenses ............ | 24,455,000 | 1,100,000 | -42,262 | 25,512,738 | 20,047,000 | -5,465,738 |
| Departmental operations: | | | | | | |
| Office of Hearings and Appeals ........... | 4,171,000 | 258,300 | -- | 4,429,300 | 5,255,800 | 826,500 |
| Natural Resources Library ................ | 1,189,000 | 81,000 | -- | 1,270,000 | 1,794,500 | 524,500 |
| Johnny Horizon program office ............ | 220,000 | 10,700 | -- | 230,700 | 253,700 | 23,000 |
| World Energy Conference .................. | 700,000 | -- | -- | 700,000 | -- | -700,000 |
| International Geothermal Symposium ....... | -- | -- | -- | -- | 250,000 | 250,000 |
| Office of Research and Development ....... | -- | -- | -- | -- | 2,000,000 | 2,000,000 |
| Total, Departmental operations .......... | 6,280,000 | 350,000 | -- | 6,630,000 | 9,554,000 | 2,924,000 |

| | | | | | |
|---|---|---|---|---|---|
| Salaries and Expenses (Special Foreign Currency Program) | | | | | |
| Research | 670,000 | -- | -- | 670,000 | 522,000 | -148,000 |
| Saline Water Research: | | | | | | |
| Research and developmental expenses: | | | | | | |
| Development expense | 719,000 | -- | -- | 719,000 | 500,000 | -219,000 |
| Construction, operation and maintenance: | | | | | | |
| Test beds and facilities | 575,000 | -- | -- | 575,000 | 876,000 | 301,000 |
| Modules | 677,000 | -- | -- | 677,000 | 588,000 | -89,000 |
| Administration and coordination | 1,656,000 | -- | -- | 1,656,000 | 1,065,000 | -591,000 |
| Total, Saline Water Research | 3,627,000 | -- | -- | 3,627,000 | 3,029,000 | -598,000 |
| Energy Conservation and Analysis: | | | | | | |
| Office of energy conservation | -- | -- | -- | -- | 22,900,000 | 22,900,000 |
| Office of energy data and analysis | -- | -- | -- | -- | 5,000,000 | 5,000,000 |
| Total, Energy Conservation and Analysis | -- | -- | -- | -- | 27,900,000 | 27,900,000 |
| Total, Office of the Secretary | 35,032,000 | 1,450,000 | -42,262 | 36,439,738 | 61,052,000 | 24,612,262 |
| TOTAL, SECRETARIAL OFFICES | 43,531,000 | 2,045,000 | -63,874 | 45,512,126 | 72,572,000 | 27,059,874 |
| TOTAL, NEW BUDGET (OBLIGATIONAL) AUTHORITY, DEPARTMENT OF THE INTERIOR | 1,703,735,609 | 55,830,000 | -1,453,265 | 1,758,112,344 | 2,511,690,000 | 753,577,656 |
| Consisting of: | | | | | | |
| Appropriations | (1,703,735,609) | (55,830,000) | (-1,453,265) | (1,758,112,344) | (2,511,690,000) | (753,577,656) |
| Definite Appropriations | (1,549,477,500) | (55,830,000) | (-1,425,265) | (1,603,882,235) | (2,150,795,000) | (546,912,765) |
| Indefinite Appropriations | (154,258,109) | -- | (-28,000) | (154,230,109) | (360,895,000) | (206,664,891) |
| Memoranda | | | | | | |
| Appropriations to Liquidate Contract Authority | (82,793,000) | -- | -- | (82,793,000) | (86,070,000) | (3,277,000) |
| TOTAL, NEW BUDGET (OBLIGATIONAL) AUTHORITY AND APPROPRIATIONS TO LIQUIDATE CONTRACT AUTHORITY | (1,786,528,609) | -- | -- | (1,840,905,344) | (2,597,760,000) | (756,854,656) |

Comparison of Fiscal Year 1974 New Budget (Obligational) Authority with Fiscal Year 1975 Estimates

Reconcilliation of Committee Print to Printed Budget

| Bureau or Office and Appropriation Title | Fiscal Year 1974 | | | | Fiscal Year 1975 Estimate | Increase or Decrease 1975 Compared with 1974 |
|---|---|---|---|---|---|---|
| | Appropriation | Pay Cost Supplemental | Transfers 1/ | Amount Available | | |
| Total, New Budget (Obligational) Authority, Department of the Interior | $1,703,735,609 | $55,830,000 | $-1,453,265 | $1,758,112,344 | $2,511,690,000 | $753,577,656 |
| PERMANENT APPROPRIATIONS | | | | | | |
| Payments to States and local governments | | | | | | |
| Bureau of Land Management | 103,865,000 | -- | -- | 103,865,000 | 118,905,000 | 15,040,000 |
| Bureau of Sport Fisheries and Wildlife | 2,710,261 | -- | -- | 2,710,261 | 3,000,000 | 289,739 |
| National Park Service | 317,000 | -- | -- | 317,000 | 290,000 | -27,000 |
| Bureau of Indian Affairs | 171,000 | -- | -- | 171,000 | 171,000 | -- |
| Territorial Affairs | 23,620,000 | -- | -- | 23,620,000 | 25,525,000 | 1,905,000 |
| Subtotal | 130,683,261 | -- | -- | 130,683,261 | 147,891,000 | 17,207,739 |
| Receipts applied to operations | | | | | | |
| Bureau of Land Management | 1,200,000 | -- | -- | 1,200,000 | 1,200,000 | -- |
| Bureau of Indian Affairs | 7,569,000 | -- | -- | 7,569,000 | 8,230,000 | 661,000 |
| Bureau of Sport Fisheries and Wildlife | 12,804,739 | -- | -- | 12,804,739 | 13,715,000 | 910,261 |
| National Park Service | 19,000 | -- | -- | 19,000 | -- | -19,000 |
| Office of the Secretary | 25,000 | -- | -- | 25,000 | 25,000 | -- |
| Subtotal | 21,617,739 | -- | -- | 21,617,739 | 23,170,000 | 1,552,261 |
| Mixed receipts | | | | | | |
| Bureau of Sport Fisheries and Wildlife | 65,339,616 | -- | -- | 65,339,616 | 72,985,000 | 7,645,384 |
| Total, Permanent Appropriations | 217,640,616 | -- | -- | 217,640,616 | 244,046,000 | 26,405,384 |
| CONTRACT AUTHORITY | | | | | | |
| Bureau of Land Management | 20,000,000 | -- | -- | 20,000,000 | 10,000,000 | -10,000,000 |
| Bureau of Outdoor Recreation | 30,000,000 | -- | -- | 30,000,000 | 30,000,000 | -- |
| National Park Service | 195,000,000 | -- | -- | 195,000,000 | 105,000,000 | -90,000,000 |
| Bureau of Indian Affairs | 151,500,000 | -- | -- | 151,500,000 | 75,000,000 | -76,500,000 |
| Total, Contract Authority | 396,500,000 | -- | -- | 396,500,000 | 220,000,000 | -176,500,000 |

| | | | | | | |
|---|---|---|---|---|---|---|
| **TRUST FUNDS** | | | | | | |
| Bureau of Land Management | 510,000 | -- | -- | 510,000 | 510,000 | -- |
| Bureau of Sport Fisheries and Wildlife | 1,663,000 | -- | -- | 1,663,000 | 1,663,000 | -- |
| National Park Service | 3,000,000 | -- | -- | 3,000,000 | 3,000,000 | -- |
| Bureau of Mines | 1,300,000 | -- | -- | 1,300,000 | 800,000 | -500,000 |
| Office of Coal Research | 10,000,000 | -- | -- | 10,000,000 | 13,000,000 | 3,000,000 |
| Bureau of Indian Affairs | 150,000,000 | -- | -- | 150,000,000 | 87,500,000 | -62,500,000 |
| Office of the Secretary (Saline Water) | 44,000 | -- | -- | 44,000 | -- | -44,000 |
| Office of the Secretary (Appropriation to liquidate contract authority) | (66,000) | -- | -- | (66,000) | -- | (-66,000) |
| Total, Trust Funds | 166,517,000 | -- | -- | 166,517,000 | 106,473,000 | -60,044,000 |
| **PROPOSED FOR SEPARATE TRANSMITTAL** | | | | | | |
| Existing legislation | | | | | | |
| Bureau of Land Management: | | | | | | |
| Management of lands and resources | 21,000,000 | -- | -- | 21,000,000 | -- | -21,000,000 |
| Bureau of Indian Affairs | | | | | | |
| Resources management | 3,000,000 | -- | -- | 3,000,000 | -- | -3,000,000 |
| Revolving Fund for Loans | 900,000 | -- | -- | 900,000 | -- | -900,000 |
| Office of Oil and Gas | | | | | | |
| Salaries and expenses | 18,000,000 | -- | -- | 18,000,000 | -- | -18,000,000 |
| Total, Proposed for separate transmittal under existing legislation | 42,900,000 | -- | -- | 42,900,000 | -- | -42,900,000 |
| Proposed legislation | | | | | | |
| Bureau of Indian Affairs | | | | | | |
| Operation of Indian Programs | 4,000,000 | -- | -- | 4,000,000 | 29,000,000 | 25,000,000 |
| Revolving fund for loans | 5,000,000 | -- | -- | 5,000,000 | 5,000,000 | -- |
| Office of the Secretary | | | | | | |
| Land Use Planning | 500,000 | -- | -- | 500,000 | 41,500,000 | 41,000,000 |
| Mined area protection | 500,000 | -- | -- | 500,000 | 7,000,000 | 6,500,000 |
| Total, Proposed for Separate Transmittal Under Proposed Legislation | 10,000,000 | -- | -- | 10,000,000 | 82,500,000 | 72,500,000 |
| GRAND TOTAL, NEW BUDGET (OBLIGATIONAL) AUTHORITY, DEPARTMENT OF THE INTERIOR (Exclusive of Power Agencies) | 2,537,293,225 | 55,830,000 | -1,453,265 | 2,591,669,960 | 3,164,709,000 | 573,039,040 |

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1/ Represents transfers to General Services Administration for space costs unless otherwise footnoted.
2/ Proposed transfer to "General Administrative Expenses," Bureau of Reclamation, for 1974 Pay Costs.
3/ Net of $42,262 transfer to General Services Administration for space costs and transfer of $252,900 from Administrative Management.
4/ Transferred to Departmental Direction.

Office of Budget
February 19, 1974

INT: 3787-74

DEPARTMENT OF THE INTERIOR

Statement of Appropriations, Fiscal Years 1965-1975

| | Actual | | | | | | | | | Estimate | Estimate |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1965 | 1966 | 1967 | 1968 | 1969 | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 |
| **Bureau of Land Management** | | | | | | | | | | | |
| Appropriations - Direct .... | 53,922,000 | $ 55,725,000 | $ 62,113,000 | $ 65,486,000 | $ 69,545,000 | $ 88,090,000 | $ 90,870,000 | $ 96,681,000 | $ [illegible] | $ 103,347,000 | $ [illegible] |
| Permanent . | 70,566,180 | 69,030,313 | 71,391,201 | 72,312,092 | 79,645,433 | 87,142,277 | 86,051,346 | 90,907,302 | 97,758,116 | 105,065,000 | 120,105,000 |
| Indefinite. | 20,344,245 | 17,260,233 | 12,969,324 | 12,822,882 | 20,177,644 | 16,662,499 | 17,311,111 | 21,469,257 | 25,037,185 | 31,992,000 | 33,253,000 |
| Total .................... | 144,832,425 | 142,015,546 | 146,473,525 | 150,620,974 | 169,368,077 | 191,894,776 | 194,232,457 | 209,057,559 | [illegible] | 240,404,000 | [illegible] |
| **Bureau of Indian Affairs** | | | | | | | | | | | |
| Appropriations - Direct .... | 228,942,417 | 207,862,400 | 241,595,300 | 245,333,000 | 249,643,000 | 303,747,000 | 364,916,700 | 443,527,500 | 549,805,000 | 564,744,000 | [illegible] |
| Permanent . | 7,080,657 | 7,002,798 | 7,331,479 | 7,294,942 | 8,013,058 | 8,505,028 | 9,034,516 | 9,950,370 | 11,135,422 | 7,740,000 | [illegible] |
| Total .................... | 236,023,074 | 214,865,198 | 248,926,779 | 252,627,942 | 257,656,058 | 312,252,028 | 373,951,216 | 453,477,870 | 560,940,422 | 572,484,000 | [illegible] |
| **Bureau of Outdoor Recreation** | | | | | | | | | | | |
| Appropriations - Direct .... | 18,780,000 | 125,580,649 | 98,996,591 | 121,476,000 | 168,815,000 | 135,148,000 | 361,570,000 | 365,449,000 | 304,222,000 | 80,619,000 | 305,040,000 |
| **Office of Territories** | | | | | | | | | | | |
| Appropriations - Direct .... | 43,795,000 | 34,525,600 | 29,707,000 | 45,813,000 | 44,697,000 | 63,319,916 | 77,278,000 | 86,679,000 | 82,375,000 | 72,386,000 | 77,400,000 |
| Permanent . | 8,313,413 | 10,405,984 | 11,073,732 | 12,367,772 | 12,867,871 | 14,643,128 | 13,575,853 | 39,216,404 | 21,602,606 | 23,620,000 | 25,525,000 |
| Total .................... | 52,108,413 | 44,931,584 | 40,780,732 | 58,180,772 | 57,564,871 | 77,963,044 | 90,853,853 | 125,895,404 | 103,977,606 | 96,006,000 | 102,925,000 |
| **The Alaska Railroad** | | | | | | | | | | | |
| Appropriations - Direct .... | 1,300,000 | 4,100,000 | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| **Geological Survey** | | | | | | | | | | | |
| Appropriations - Direct .... | 70,384,000 | 73,190,870 | 81,609,000 | 86,919,000 | 90,917,000 | 102,887,000 | 114,603,000 | 131,050,000 | 149,386,000 | 161,382,000 | 230,871,000 |
| Permanent . | 771 | 764 | 726 | 628 | 665 | 1,529 | 1,886 | 1,626 | 1,451 | -- | -- |
| Total .................... | 70,384,771 | 73,191,634 | 81,609,726 | 86,919,628 | 90,917,665 | 102,888,529 | 114,604,886 | 131,051,626 | 149,387,451 | 161,382,000 | 230,871,000 |
| **Bureau of Mines** | | | | | | | | | | | |
| Appropriations - Direct .... | 72,204,000 | 60,941,000 | 83,686,000 | 68,388,000 | 79,249,000 | 95,877,000 | 174,308,000 | 179,022,000 | 158,171,000 | 101,400,000 | 212,347,000 |
| **Mining Enforcement and Safety Administration** | | | | | | | | | | | |
| Appropriations - Direct .... | -- | -- | -- | -- | -- | -- | -- | -- | -- | 35,496,000 | 56,146,000 |
| **Office of Coal Research** | | | | | | | | | | | |
| Appropriations - Direct .... | 6,836,000 | 7,220,000 | 8,220,000 | 10,980,000 | 13,700,000 | 15,300,000 | 17,160,000 | 30,650,000 | 43,490,000 | 123,400,000 | 283,400,000 |
| **Office of Minerals Exploration** | | | | | | | | | | | |
| Appropriations - Direct .... | 850,000 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| **Office of Oil and Gas** | | | | | | | | | | | |
| Appropriations - Direct .... | 704,000 | 720,300 | 747,800 | 763,000 | 755,900 | 1,085,000 | 1,273,000 | 1,570,000 | 1,558,000 | 36,130,000 | 70,100,000 |

Statement of Appropriations, Fiscal Years 1965-1975

| | Actual | | | | | | | | | Estimate | Estimate |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1965 | 1966 | 1967 | 1968 | 1969 | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 |
| **Office of the Commissioner, Fish and Wildlife Service** | | | | | | | | | | | |
| Appropriations - Direct .... | $ 444,000 | $ 452,500 | $ -- | $ -- | $ -- | $ -- | $ -- | $ -- | $ -- | $ -- | $ -- |
| **Bureau of Commercial Fisheries** | | | | | | | | | | | |
| Appropriations - Direct .... | 30,649,900 | 37,343,329 | 34,893,300 | 39,414,650 | 38,699,000 | 1/ | 1/ | | -- | -- | -- |
| Permanent . | 6,261,585 | 6,610,569 | 7,078,524 | 7,775,848 | 7,722,283 | 1/ | 1/ | | | | |
| Indefinite. | 2,454,000 | 2,464,000 | 2,49[illegible]700 | 2,496,000 | 2,653,400 | 1/ | 1/ | | | | |
| Total .................. | 39,365,485 | 46,417,898 | 44,467,524 | 49,686,498 | 49,074,683 | 1/ | 1/ | | -- | -- | -- |
| **Bureau of Sport Fisheries and Wildlife** | | | | | | | | | | | |
| Appropriations - Direct .... | 55,380,800 | 64,083,800 | 59,325,927 | 60,890,400 | 60,630,000 | 67,742,768 | 76,891,000 | 86,181,000 | 86,072,500 | 92,513,500 | 109,692,000 |
| Permanent . | 33,666,670 | 37,143,385 | 41,230,109 | 47,671,537 | 50,387,340 | 55,468,594 | 57,975,450 | 63,161,598 | 71,102,987 | 80,854,000 | 89,700,000 |
| Total .................. | 89,047,470 | 101,227,185 | 100,556,036 | 108,561,937 | 111,017,340 | 123,211,362 | 134,866,450 | 149,342,598 | 157,175,487 | 173,367,500 | 199,392,000 |
| **National Park Service** | | | | | | | | | | | |
| Appropriations - Direct .... | 128,185,600 | 127,791,000 | 123,177,000 | 128,235,800 | 104,860,000 | 129,422,000 | 164,427,000 | 241,674,000 | 236,039,000 | 286,401,000 | 329,056,000 |
| Permanent . | 180,112 | 26,493 | 106,898 | 116,095 | 114,892 | 143,421 | 156,774 | 265,195 | 276,008 | 226,000 | 290,000 |
| Total .................. | 128,365,712 | 127,817,493 | 123,283,898 | 128,351,895 | 104,974,892 | 129,565,421 | 164,583,774 | 241,939,195 | 236,315,008 | 286,737,000 | 329,346,000 |
| **Office of Saline Water** | | | | | | | | | | | |
| Appropriations - Direct .... | 16,150,000 | 23,151,000 | 29,851,000 | 20,800,000 | 25,642,835 | 25,000,000 | 28,573,000 | 27,025,000 | (Combined with Office of the Secretary.) | | |
| **Office of the Solicitor** | | | | | | | | | | | |
| Appropriations - Direct .... | 4,393,000 | 4,596,800 | 4,821,000 | 5,244,000 | 5,683,000 | 5,984,000 | 7,626,000 | 6,967,000 | 7,360,000 | 8,499,000 | 11,520,000 |
| **Office of the Secretary** | | | | | | | | | | | |
| Appropriations - Direct .... | 4,365,000 | 4,557,200 | 5,165,900 | 7,114,500 | 8,755,000 | 10,814,700 | 12,472,000 | 15,195,000 | 47,132,100 | 35,032,000 | 66,552,000 |
| Permanent . | -- | -- | -- | -- | -- | -- | -- | -- | 10,540 | 25,000 | 25,000 |
| Total .................. | 4,365,000 | 4,557,200 | 5,165,900 | 7,114,500 | 8,755,000 | 10,814,700 | 12,472,000 | 15,195,000 | 47,142,640 | 35,057,000 | 66,577,000 |
| **Office of Water Resources Research** | | | | | | | | | | | |
| Appropriations - Direct .... | 3,450,000 | 6,396,000 | 6,910,000 | 11,130,000 | 11,181,000 | 11,281,000 | 13,242,000 | 14,290,000 | 14,304,000 | 13,689,000 | 12,700,000 |
| TOTAL, DEPARTMENT OF THE INTERIOR (EXCLUSIVE OF RECLAMATION, POWER MARKETING AGENCIES AND FEDERAL WATER QUALITY ADMIN. ..... | | | | | | | | | | | |
| Direct .... | 740,735,717 | 838,237,448 | 870,818,818 | 919,987,350 | 972,883,735 | 1,055,698,384 | 1,505,209,700 | 1,727,960,500 | 1,744,219,600 | 1,736,036,500 | 2,546,007,000 |
| Permanent . | 126,069,388 | 130,220,306 | 138,212,669 | 147,538,914 | 158,751,542 | 165,903,977 | 166,795,828 | 203,502,495 | 201,867,130 | 217,640,000 | 244,046,000 |
| Indefinite | 22,798,245 | 19,724,233 | 15,465,024 | 15,318,882 | 22,831,044 | 16,662,499 | 17,311,111 | 21,469,257 | 25,037,185 | 31,992,000 | 33,253,000 |
| Total .................. | 889,603,350 | 988,181,987 | 1,024,496,511 | 1,082,845,146 | 1,154,466,321 | 1,238,264,860 | 1,689,316,636 | 1,952,932,252 | 1,971,123,915 | 1,985,668,500 | 2,823,306,000 |

Statement of Appropriations, Fiscal Years 1965-1975

| | Actual | | | | | | | | | Estimate | Estimate |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1965 | 1966 | 1967 | 1968 | 1969 | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 |
| **Bureau of Reclamation** | | | | | | | | | | | |
| Appropriations - Direct .... | $ 323,246,500 | $ 324,980,000 | $ 326,010,000 | $ 314,047,000 | $ 277,002,500 | $ 271,441,500 | $ 322,618,000 | $ 401,039,000 | $ 520,817,000 | $ 420,293,000 | $ 457,405,000 |
| Permanent | 4,188,453 | 3,369,223 | 3,330,763 | 3,535,463 | 3,188,782 | 3,072,719 | 3,095,424 | 3,027,854 | 2,886,926 | 3,300,000 | 3,300,000 |
| Total .................... | 327,434,953 | 328,349,223 | 329,340,763 | 317,582,463 | 280,191,282 | 274,514,219 | 325,713,424 | 404,066,854 | 523,703,926 | 423,593,000 | 460,705,000 |
| **Bonneville Power Administration** | | | | | | | | | | | |
| Appropriations - Direct .... | 102,680,000 | 113,938,000 | 126,010,000 | 129,000,000 | 123,500,000 | 119,733,000 | 116,820,000 | 118,825,000 | 125,520,000 | 130,800,000 | 152,667,000 |
| Permanent . | 700,000 | -- | -- | -- | -- | 123,893 | -- | 254,616 | 102,256 | 5,000,000 | -- |
| Total .................... | 103,380,000 | 113,938,000 | 126,010,000 | 129,000,000 | 123,500,000 | 119,856,893 | 116,820,000 | 119,079,616 | 125,622,256 | 135,800,000 | 152,667,000 |
| **Southeastern Power Administration** | | | | | | | | | | | |
| Appropriations - Direct .... | 1,000,000 | 1,000,000 | 1,000,000 | 850,000 | 850,000 | 685,000 | 836,000 | 870,000 | 900,000 | 900,000 | 950,000 |
| Permanent . | -- | -- | -- | -- | 45,263 | 142,551 | 52,698 | -- | 41,422 | 24,000 | -- |
| Total .................... | 1,000,000 | 1,000,000 | 1,000,000 | 850,000 | 895,263 | 827,551 | 888,698 | 870,000 | 941,422 | 924,000 | 950,000 |
| **Southwestern Power Administration** | | | | | | | | | | | |
| Appropriations - Direct .... | 4,290,000 | 4,045,300 | 6,065,000 | 7,255,000 | 6,366,000 | 5,648,587 | 6,244,000 | 6,050,000 | 7,233,000 | 5,685,000 | 6,447,000 |
| Indefinite.. | 4,500,000 | 4,000,000 | 3,700,000 | 3,200,000 | 3,200,000 | 2,800,000 | -- | -- | -- | -- | -- |
| Total .................... | 8,790,000 | 8,045,300 | 9,765,000 | 10,455,000 | 9,566,000 | 8,448,587 | 6,244,000 | 6,050,000 | 7,233,000 | 5,685,000 | 6,447,000 |
| **Alaska Power Administration** | | | | | | | | | | | |
| Appropriations - Direct .... | -- | -- | -- | -- | 1,002,000 | 1,000,000 | 1,000,000 | 957,000 | 1,228,000 | 1,269,000 | 1,318,000 |
| **Federal Water Quality Administration** | | | | | | | | | | | |
| Appropriations - Direct .... | -- | 186,142,000 [2] | 234,718,618 [2] | 295,400,000 | 300,789,000 | [3] | -- | -- | -- | -- | -- |
| **Office of the Secretary** * | | | | | | | | | | | |
| Appropriations - Direct .... | -- | -- | -- | -- | -- | -- | 750,000 | 875,000 | 1,000,000 | 2,000,000 | 8,500,000 |
| TOTAL, RECLAMATION, POWER MARKETING AGENCIES AND FEDERAL WATER QUALITY ADMINISTRATION ........... | | | | | | | | | | | |
| Appropriations - Direct .... | 431,216,500 | 630,105,300 | 693,803,618 | 746,552,000 | 709,509,500 | 398,508,087 | 448,268,000 | 528,616,000 | 656,698,000 | 560,947,000 | 627,287,000 |
| Permanent . | 4,888,453 | 3,369,223 | 3,330,763 | 3,535,463 | 3,234,045 | 3,339,163 | 3,148,122 | 3,282,470 | 3,030,604 | 8,324,000 | 3,300,000 |
| Indefinite. | 4,500,000 | 4,000,000 | 3,700,000 | 3,200,000 | 3,200,000 | 2,800,000 | -- | -- | -- | -- | -- |
| Total .................... | 440,604,953 | 637,474,523 | 700,834,381 | 753,287,463 | 715,943,545 | 404,647,250 | 451,416,122 | 531,898,470 | 659,728,604 | 569,271,000 | 630,587,000 |
| GRAND TOTAL, DEPARTMENT OF THE INTERIOR | | | | | | | | | | | |
| Appropriations - Direct .... | 1,171,952,217 | 1,468,342,748 | 1,564,622,436 | 1,666,539,350 | 1,682,393,235 | 1,454,206,471 | 1,953,477,700 | 2,256,576,500 | 2,400,917,600 | 2,296,983,500 | 3,173,294,000 |
| Permanent . | 130,957,841 | 133,589,529 | 141,543,432 | 151,074,377 | 161,985,587 | 169,243,140 | 169,943,947 | 206,784,965 | 204,897,734 | 225,964,000 | 247,346,000 |
| Indefinite | 27,298,245 | 23,724,233 | 19,165,024 | 18,518,882 | 26,031,044 | 19,462,499 | 17,311,111 | 21,469,257 | 25,037,185 | 31,992,000 | 33,253,000 |
| GRAND TOTAL ............. | 1,330,208,303 | 1,625,656,510 | 1,725,330,892 | 1,836,132,609 | 1,870,409,866 | 1,642,912,110 | 2,140,732,758 | 2,484,830,722 | 2,630,852,519 | 2,554,939,500 | 3,453,893,000 |

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[1] Transferred in accordance with Reorganization Plan No. 4 of 1970.
[2] Funds appropriated in Department of Health, Education and Welfare Appropriation Acts.
[3] Transferred in accordance with Reorganization Plan No. 3 of 1970.

### DEPARTMENT OF THE INTERIOR

Outlays by Appropriation for Fiscal Years 1971 through 1975

| Appropriation | 1971 | 1972 | 1973 | Estimated 1974 | Estimated 1975 |
|---|---|---|---|---|---|
| LAND AND WATER RESOURCES | | | | | |
| Bureau of Land Management | | | | | |
| Management of Lands and Resources | $ 79,197,000 | $ 89,802,975 | $ 95,477,738 | $ 94,800,000 | $126,698,000 |
| Construction and Maintenance | 3,197,000 | 3,659,145 | 5,574,101 | 8,400,000 | 8,095,000 |
| Public Land Development Roads and Trails | 3,248,000 | 3,671,480 | 3,517,744 | 4,000,000 | 4,070,000 |
| Oregon and California Grant Lands | 13,501,000 | 20,521,041 | 20,599,029 | 26,500,000 | 26,825,000 |
| Range Improvements | 1,936,000 | 2,377,051 | 2,617,985 | 3,200,000 | 4,278,000 |
| Recreation Development and Operation of Recreation Facilities | -- | -- | -- | 155,000 | 230,000 |
| Subtotal, Items in Appropriation Bill | 101,079,000 | 120,031,692 | 127,786,597 | 137,055,000 | 170,196,000 |
| Miscellaneous Permanent Appropriations | 85,923,000 | 90,328,856 | 97,546,087 | 106,410,000 | 120,105,000 |
| Trust Funds | 510,000 | 539,193 | 502,313 | 510,000 | 510,000 |
| Supplementals - Existing Legislation | | | | | |
| Management of Lands and Resources Firefighting | -- | -- | -- | 20,500,000 | 500,000 |
| Subtotal, Forecasted Supplementals | -- | -- | -- | 20,500,000 | 500,000 |
| TOTAL, Bureau of Land Management | 187,512,000 | 210,899,741 | 225,834,997 | 264,475,000 | 291,311,000 |

Outlays by Appropriation for Fiscal Years 1971 through 1975

| Appropriation | 1971 | 1972 | 1973 | Estimated 1974 | Estimated 1975 |
|---|---|---|---|---|---|
| LAND AND WATER RESOURCES - CONT'D | | | | | |
| Office of Saline Water | | | | | |
| Saline Water Conversion ..................... | 28,048,959 | 28,808,530 | | Transferred to Office of Secretary | |
| Salaries and Expenses | | | | | |
| Operation and Maintenance | | | | | |
| Construction, Operation and Maintenance | | | | | |
| Prototype Desalting Plant .................. | | 102,094 | | | |
| Advances and Reimbursements ................ | 58,559 | | | | |
| Consolidated Working Fund .................. | | -44,478 | | | |
| Subtotal, Items in Appropriation Bill ........ | 28,107,518 | 28,866,146 | | | |
| Trust Funds .............................. | 1,054,952 | 3,966,100 | | | |
| TOTAL, Office of Saline Water ................ | 29,162,470 | 32,832,246 | | | |
| Office of Water Resources Research | | | | | |
| Salaries and Expenses, in Appropriation Bill -- TOTAL .............. | 11,999,000 | 13,644,362 | 13,969,852 | 13,239,000 | 13,000,000 |
| TOTAL, LAND AND WATER RESOURCES .............. | 228,673,470 | 257,376,349 | 239,804,849 | 277,714,000 | 304,311,000 |

Outlays by Appropriation for Fiscal Years 1971 through 1975

| Appropriation | 1971 | 1972 | 1973 | Estimated 1974 | Estimated 1975 |
|---|---|---|---|---|---|
| FISH AND WILDLIFE AND PARKS | | | | | |
| Bureau of Outdoor Recreation | | | | | |
| Salaries and Expenses | 4,106,939 | 3,910,699 | 4,116,307 | 4,728,000 | 5,040,000 |
| Land and Water Conservation | 196,682,402 | 189,581,133 | 205,328,642 | 275,573,000 | 256,000,000 |
| Subtotal, Items in Appropriation Bill | 200,789,341 | 193,491,832 | 209,444,949 | 280,301,000 | 261,040,000 |
| Advances and Reimbursements | -65,635 | -- | -- | -- | -- |
| Consolidated Working Fund | -- | 20,113 | -105,308 | 76,000 | 50,000 |
| Trust Funds, Contributed Funds | -- | 448 | 563 | 2,000 | -- |
| TOTAL, Bureau of Outdoor Recreation | 200,723,706 | 193,512,393 | 209,340,204 | 280,379,000 | 261,090,000 |
| Bureau of Sport Fisheries and Wildlife | | | | | |
| Management and investigations of resources | 58,919,890 | -- | -- | -- | -- |
| Construction | 3,921,190 | -- | -- | -- | -- |
| General Administrative expenses | 2,013,002 | -- | -- | -- | -- |
| Anadromous and Great Lakes Fisheries conservation | 1,784,585 | -- | -- | -- | -- |
| Resources Management | -- | 68,010,120 | 73,404,477 | 86,898,000 | 97,023,000 |
| Construction and Anadromous Fish | -- | 7,211,675 | 7,428,171 | 8,203,000 | 7,200,000 |
| Subtotal, Items in Appropriation Bill | 66,638,667 | 75,221,795 | 80,832,648 | 95,101,000 | 104,223,000 |
| Migratory Bird Conservation Account | 16,095,241 | 14,018,700 | 12,246,281 | 15,450,000 | 17,000,000 |
| Miscellaneous Appropriations | 45,584,958 | 53,281,584 | 56,600,279 | 64,412,000 | 66,777,000 |
| Subtotal, Permanents | 61,680,199 | 67,300,284 | 68,846,560 | 79,862,000 | 83,777,000 |
| Trust Funds (Contributed Funds) | 824,209 | 1,454,551 | 1,720,565 | 1,800,000 | 1,600,000 |
| Intragovernmental Funds: Consolidated Working Fund | -- | 209,762 | 241,287 | 250,000 | 200,000 |

Outlays by Appropriation for Fiscal Years 1971 through 1975

| Appropriation | 1971 | 1972 | 1973 | Estimated 1974 | Estimated 1975 |
|---|---|---|---|---|---|
| Bureau of Sport Fisheries and Wildlife (con't) | | | | | |
| Advances and Reimbursements .............. | -924,802 | -- | -- | -- | -- |
| TOTAL, Bureau of Sport Fisheries and Wildlife. | 128,218,273 | 144,186,392 | 151,641,060 | 177,013,000 | 189,800,000 |
| National Park Service | | | | | |
| Management and Protection .................. | 63,189,210 | -- | -- | -- | -- |
| Maintenance and Rehabilitation of Physical Facilities ...................... | 48,771,248 | -- | -- | -- | -- |
| General Administrative Expenses ............ | 3,860,360 | -- | -- | -- | -- |
| Preservation of Historic Properties ........ | 2,518,403 | 6,788,883 | 7,277,286 | 11,267,000 | 14,952,000 |
| Construction ............................... | 13,717,916 | -- | -- | -- | -- |
| Operation of the National Park System ...... | -- | 122,781,646 | 160,878,971 | 188,175,000 | 202,946,000 |
| Road Construction (Liquidation of Contract Authority) .............................. | 14,494,107 | 25,096,690 | 16,352,355 | 32,740,000 | 23,000,000 |
| Planning and Construction .................. | -- | 29,080,359 | 20,789,000 | 49,484,000 | 64,647,000 |
| John F. Kennedy Center for the Performing Arts .................................. | -- | -- | 1,727,195 | 2,320,000 | 2,359,000 |
| Planning, Development and Operation of Recreation Facilities ..................... | -- | -- | -- | 20,000,000 | 18,728,000 |
| Subtotal, Items in Appropriation Bill ...... | 146,551,244 | 183,747,578 | 207,024,807 | 303,986,000 | 326,632,000 |
| Permanent Appropriations | | | | | |
| Operation, Management, Maintenance and Demolition of Federally Acquired Properties, Indiana National Park ...... | -- | -- | 7,900 | 19,000 | -- |
| Education Expenses, Children of Employees, Yellowstone National Park .............. | 135,535 | 169,626 | 313,980 | 294,000 | 265,000 |
| Payment of tax losses on land acquired for Grand Teton National Park .......... | 21,902 | 21,091 | 21,282 | 23,000 | 25,000 |
| Subtotal, Miscellaneous Permanent Appropriations ........................... | 157,437 | 190,717 | 343,162 | 336,000 | 290,000 |

Outlays by Appropriation for Fiscal Years 1971 through 1975

| Appropriation | 1971 | 1972 | 1973 | Estimated 1974 | Estimated 1975 |
|---|---|---|---|---|---|
| **National Park Service (con't)** | | | | | |
| Trust Funds | | | | | |
| National Park Service, Donations | 1,797,393 | 1,862,051 | 1,614,705 | 2,647,000 | 2,647,000 |
| Advances from District of Columbia | 1,293,382 | 330,378 | 85,231 | 50,000 | 50,000 |
| Preservation, birthplace of Abraham Lincoln | 278 | 9,467 | 9,673 | 3,000 | 3,000 |
| National Park Foundation | | | | | |
| Jefferson National Expansion Memorial, Contributions | 417,547 | 552,412 | 44,717 | 300,000 | 300,000 |
| Subtotal, Trust Funds | 3,508,600 | 2,754,308 | 1,754,326 | 3,000,000 | 3,000,000 |
| Advancements and Reimbursements | -3,498 | 16,390 | -- | -- | -- |
| Consolidated Working Fund | -- | -- | 197,708 | -- | -- |
| TOTAL, National Park Service | 150,213,783 | 186,708,993 | 208,924,587 | 307,322,000 | 329,922,000 |
| TOTAL, FISH AND WILDLIFE AND PARKS | 479,155,762 | 524,407,778 | 569,905,851 | 764,714,000 | 780,812,000 |

Outlays by Appropriation for Fiscal Years 1971 through 1975

| Appropriation | 1971 | 1972 | 1973 | Estimated 1974 | Estimated 1975 |
|---|---|---|---|---|---|
| ENERGY AND MINERALS | | | | | |
| Geological Survey | | | | | |
| Surveys investigations and research (appropriations bill) | 114,398,572 | 127,479,603 | 139,304,667 | 166,102,000 | 226,023,000 |
| Miscellaneous permanent appropriation | -- | -- | -- | -- | -- |
| Consolidated Working Fund | -783,021 | -304,170 | -865,688 | -- | -- |
| Total, Geological Survey | 113,615,551 | 127,175,433 | 138,438,979 | 166,102,000 | 226,023,000 |
| Bureau of Mines | | | | | |
| Conservation and Development of Mineral Resources | 44,753,000 | -- | -- | -- | -- |
| Health and Safety | 41,147,000 | -- | -- | -- | -- |
| General Administrative Expenses | 2,068,000 | -- | -- | -- | -- |
| Mines and Minerals | -- | 123,359,000 | 81,802,000 | 103,275,000 | 187,256,000 |
| Miscellaneous Appropriations (Solid Waste Disposal and Drainage of Anthracite Mines | 478,000 | 316,000 | 90,000 | 200,000 | 200,000 |
| Public enterprise Funds: | | | | | |
| Helium Fund (Borrowing Authority) | 65,704,000 | 42,296,000 | -1,181,000 | 640,000 | 1,756,000 |
| Subtotal, Items in appropriation bill | 154,150,000 | 165,971,000 | 80,711,000 | 104,115,000 | 189,212,000 |
| Trust Funds | 1,487,000 | 1,430,000 | 649,000 | 1,300,000 | 800,000 |
| Advances and reimbursements | -2,709,000 | -- | -- | -- | -- |
| Consolidated Working Fund | -- | 158,000 | 2,474,000 | 200,000 | 200,000 |
| Total, Bureau of Mines | 152,928,000 | 167,559,000 | 83,834,000 | 105,615,000 | 190,212,000 |

Outlays by Appropriation for Fiscal Years 1971 through 1975

| Appropriation | 1971 | 1972 | 1973 | Estimated 1974 | Estimated 1975 |
|---|---|---|---|---|---|
| ENERGY AND MINERALS (Cont'd.) | | | | | |
| Mining Enforcement and Safety Administration | | | | | |
| Salaries and expenses .................. | -- | -- | 53,060,000 | 61,820,000 | 74,230,000 |
| Consolidated Working Fund ............... | -- | -- | 175,000 | 19,000 | 10,000 |
| Total, Mining, Enforcement and Safety Administration ........ | -- | -- | 53,235,000 | 61,839,000 | 74,240,000 |
| Office of Coal Research | | | | | |
| Salaries and Expenses in Appropriation Bill .................... | 17,555,000 | 15,761,392 | 33,033,640 | 89,000,000 | 194,000,000 |
| Trust Funds ........................... | -- | 2,118,972 | 3,471,066 | 10,000,000 | 13,000,000 |
| Total, Office of Coal Research ....... | 17,555,000 | 17,880,364 | 36,504,706 | 99,000,000 | 207,000,000 |
| Fuel Allocation, Oil and Gas Program | | | | | |
| Salaries and Expenses, in Appropriation Bill .................... | 1,157,000 | 1,451,788 | 1,604,373 | 35,983,000 | 65,000,000 |
| Proposed Supplemental - Existing legislation | -- | -- | -- | 17,400,000 | 600,000 |
| Total, Fuel Allocation, Oil and Gas Program ................. | 1,157,000 | 1,451,788 | 1,604,373 | 53,383,000 | 65,600,000 |
| TOTAL, ENERGY AND MINERALS ........... | 285,255,551 | 314,066,585 | 313,617,058 | 485,939,000 | 763,075,000 |

BEST COPY AVAILABLE

Outlays by Appropriation for Fiscal Years 1971 through 1975

| Appropriation | 1971 | 1972 | 1973 | Estimated 1974 | Estimated 1975 |
|---|---|---|---|---|---|
| Bureau of Indian Affairs | | | | | |
| Education and Welfare Services | 228,892,519 | 267,435,058 | 292,031,229 | 303,513,000 | -- |
| Resources Management | 69,858,828 | 78,905,000 | 76,629,057 | 84,436,000 | -- |
| Operation of Indian Programs | -- | -- | -- | -- | 475,927,000 |
| Construction | 32,357,740 | 37,917,421 | 42,273,638 | 57,100,000 | 73,400,000 |
| Roads Construction | 17,675,640 | 27,260,786 | 40,630,645 | 57,000,000 | 63,500,000 |
| General Administrative Expenses | 6,148,677 | 6,147,510 | 6,182,918 | 5,628,000 | -- |
| Revolving Fund for Loans | 1,108,573 | -415,060 | -733,443 | 513,000 | 513,000 |
| Subtotal, Items in Appropriation Bill | 356,041,977 | 417,250,715 | 457,014,044 | 508,190,000 | 613,340,000 |
| Claims and Treaty Obligations | 3,651,985 | 12,849,285 | 50,284,757 | 70,000,000 | 70,000,000 |
| Miscellaneous Permanent Appropriations | 8,121,734 | 9.145,922 | 9,768,351 | 7,761,[illegible]00 | 8,961,000 |
| Tribal Funds (Trust) | 89,089,239 | 144,149,443 | 192,825,718 | 197,528,000 | 154,000,000 |
| Miscellaneous Trust Funds | 3,329,689 | 3,223,127 | 4,402,271 | 133,172,000 | 76,000,000 |
| Subtotal, Trust Funds | 92,418,928 | 147,372,570 | 197,227,989 | 330,700,000 | 230,000,000 |
| Supplementals - Existing Legislation | | | | | |
| Resources Management--Fire Suppression | -- | -- | -- | 2,916,000 | 84,000 |
| Revolving Fund for Loans | -- | -- | -- | 900,000 | -- |
| Subtotal, Forecasted Supplementals Existing Legislation | -- | -- | -- | 3,816,000 | 84,000 |
| Proposed Supplemental - Proposed Legislation | | | | | |
| Revolving Fund for Loans | -- | -- | -- | 1,000,000 | 1,000,000 |
| Operation of Indian Programs | -- | -- | -- | 4,000,000 | 29,000,000 |
| Subtotal, Proposed Legislation | -- | -- | -- | 5,000,000 | 30,000,000 |

Outlays by Appropriation for Fiscal Years 1971 through 1975

| Appropriation | 1971 | 1972 | 1973 | Estimated 1974 | Estimated 1975 |
|---|---|---|---|---|---|
| Bureau of Indian Affairs (cont'd) | | | | | |
| Consolidated Working Fund | -- | 437,557 | -2,206,249 | -- | -- |
| Advances and Reimbursements | -1,391,430 | -- | -- | -- | -- |
| Liquidation of Hoonah Housing Project Revolving Fund | 2,007 | 1,399 | 4,143 | -- | -- |
| TOTAL, Bureau of Indian Affairs | 458,845,201 | 587,057,448 | 712,093,035 | 925,467,000 | 952,385,000 |
| Office of Territories | | | | | |
| Administration of Territories ... Exp. | 13,086,891 | 17,976,998 | 21,968,365 | 20,800,000 | 21,700,000 |
| NL.. | 2,534,893 | -- | -- | -- | -- |
| Trust Territory of the Pacific Islands | 48,587,328 | 50,563,809 | 60,737,902 | 66,200,000 | 65,300,000 |
| Claims of inhabitants of Rongelap Atoll | | | | | |
| Micronesian War Claims | -- | -- | 1,000 | 800,000 | 5,000,000 |
| Subtotal, Items in Appropriation Bill | 64,209,112 | 68,540,807 | 82,707,267 | 87,800,000 | 92,000,000 |
| Internal Revenue Collections for the Virgin Islands (Permanent) | 13,208,853 | 19,415,523 | 22,408,916 | 17,329,000 | 23,300,000 |
| Office of Comptroller for Guam (permanent, special fund) | -118,000 | -- | -- | 596,000 | 625,000 |
| Repayments deposited in Miscellaneous receipt accounts: Guam | -375,981 | -- | -- | -- | -- |
| TOTAL, Office of Territories | 76,923,984 | 87,956,330 | 105,116,183 | 105,725,000 | 115,925,000 |

Outlays by Appropriation for Fiscal Year 1971 through 1975

| Appropriation | 1971 | 1972 | 1973 | Estimated 1974 | Estimated 1975 |
|---|---|---|---|---|---|
| Office of the Solicitor |  |  |  |  |  |
| Salaries and Expenses, in Appropriation Bill -- TOTAL ............ | 6,686,000 | 6,579,632 | 7,091,132 | 9,029,000 | 11,520,000 |
| Office of the Secretary |  |  |  |  |  |
| Salaries and Expenses .................... | 12,828,000 | 12,458,855 | 14,754,531 | 23,796,000 | 21,639,000 |
| Departmental Operations .................. | -- | 3,252,402 | 4,069,374 | 6,742,000 | 9,017,000 |
| Special Foreign Currency Program Salaries and Expenses .................. | -- | 228,867 | 356,308 | 750,000 | 630,000 |
| Saline Water Research .................... | -- | -- | 27,229,691 | 12,950,000 | 6,429,000 |
| Energy Conservation Analysis and Research . | -- | -- | -- | -- | 16,000,000 |
| Subtotal, Items in Appripriation Bill ..... | 12,828,000 | 15,940,124 | 46,409,904 | 44,238,000 | 53,715,000 |
| Permanent Appropriation .................. | -- | -- | 24,895 | 28,000 | 25,000 |
| Trust Funds .............................. | -- | -- | 72,316 | 113,000 | -- |
| Working Capital Fund ..................... | 180,000 | -220,818 | -267,408 | -- | -- |
| Consolidated Working Fund ................ | -- | -171,697 | -343,968 | 595,000 | -- |
| Advances and Reimbursements .............. | -397,000 | -- | -- | -- | -- |
| Forecast Supplemental (Proposed Legislation) |  |  |  |  |  |
| Land Use Planning ........................ | -- | -- | -- | 300,000 | 35,700,000 |
| Mined Area Protection .................... | -- | -- | -- | 400,000 | 5,000,000 |
| Total, Propored Legislation .............. |  |  |  |  |  |
| TOTAL, Office of the Secretary[1/] .......... | 12,611,000 | 15,547,609 | 45,895,739 | 45,674,000 | 94,440,000 |
| TOTAL, Department of the Interior (Excludes Power Agencies)................. | 1,548,150,968 | 1,793,171,731 | 1,993,523,847 | 2,614,262,000 | 3,022,468,000 |

[1/] Excludes Underground Electric Power Transmission Research which is included in the Public Works Appropriation Act.

## DEPARTMENT OF THE INTERIOR

### Permanent Appropriations, Fiscal Years 1973, 1974, and 1975

| Bureau or Office and Appropriation Title | 1973 Actual | 1974 Estimate | 1975 Estimate |
|---|---|---|---|
| LAND AND WATER RESOURCES | | | |
| Bureau of Land Management | | | |
| Leasing of grazing lands ............. | $ 607 | $ -- | $ -- |
| Payment to: | | | |
| Oklahoma (royalties) ............... | 206 | -- | 1,000 |
| Coos and Douglas Counties, Oregon from receipts Coos Bay Wagon grant lands | 519,710 | 525,000 | 525,000 |
| Counties, Oregon & Calif. grant lands | 37,666,827 | 47,191,000 | 57,500,000 |
| States (proceeds of sales) .......... | 261,608 | 329,000 | 359,000 |
| States from grazing receipts, etc., public lands outside grazing districts | 499,498 | 576,000 | 690,000 |
| States from grazing receipts, etc., public lands within grazing districts | 523,808 | 610,000 | 777,000 |
| States from grazing receipts, etc., public lands within grazing districts, miscellaneous ..................... | 3,656 | 4,000 | 8,000 |
| States from receipts under Mineral Leasing Act ..................... | 56,226,917 | 54,388,000 | 58,734,000 |
| Counties, national grasslands ....... | 204,069 | 242,000 | 311,000 |
| Expenses, Public Land Administration Act | 1,831,210 | 1,200,000 | 1,200,000 |
| Total, Bureau of Land Management | 97,738,116 | 105,065,000 | 120,105,000 |
| Bureau of Reclamation | | | |
| Colorado River Dam Fund, Boulder Canyon Project: | | | |
| Payment of interest on advance from the Treasury ..................... | 2,056,380 | 2,400,000 | 2,400,000 |
| Payment to States of Airzona & Nevada | 600,000 | 600,000 | 600,000 |
| Operation, Maintenance and replacement of project works, North Platte project (Gering and Ft. Laramie, Goshen and Pathfinder Irrigation Districts) .... | 7,323 | 10,000 | 10,000 |
| Payments to Farmers' Irrigation Districts (North Platte project, Nebraska-Wyoming) | 8,000 | 8,000 | 8,000 |
| Payments to local units, Klamath Reclamation Area .................. | 115,223 | 125,000 | 135,000 |
| Refunds and returns .................. | 100,000 | 157,000 | 147,000 |
| Total, Bureau of Reclamation ... | 2,886,926 | 3,300,000 | 3,300,000 |
| Total, Land & Water Resources .. | 100,625,042 | 108,365,000 | 123,405,000 |
| Total, Department of the Interior other than Reclamation & Power Agencies ..................... | 97,738,116 | 105,065,000 | 120,105,000 |

Permanent Appropriations, Fiscal Years 1973, 1974, and 1975

| Bureau or Office and Appropriation Title | 1973 Actual | 1974 Estimate | 1975 Estimate |
|---|---|---|---|
| FISH AND WILDLIFE AND PARKS | | | |
| Bureau of Sport Fisheries and Wildlife | | | |
| Migratory Bird Conservation account..... | 10,734,313 | 11,000,000 | 12,000,000 |
| Federal aid in fish restoration and management ........................ | 13,022,667 | 15,539,348 | 18,800,000 |
| Federal aid in wildlife restoration .... | 43,333,533 | 49,800,268 | 54,185,000 |
| National wildlife refuge fund .......... | 4,012,474 | 4,500,000 | 4,700,000 |
| Proceeds from sales, water resources development projects ................. | -- | 15,000 | 15,000 |
| Total, Bureau of Sport Fisheries and Wildlife ............... | 71,102,987 | 80,854,[illegible]16 | 89,700,000 |
| National Park Service | | | |
| Educational expenses, children of employees Yellowstone National Park .. | 250,471 | 294,000 | 265,000 |
| Payment for tax losses on land acquired for Grand Teton National Park ........ | 20,711 | 23,000 | 25,000 |
| Operation, Management, Maintenance, and Demolition of Federal acquired properties, Independence National Historical Park . | 4,8[illegible] | 19,000 | -- |
| Total, National Park Service ........ | 276,[illegible]08 | 336,000 | 290,000 |
| Total, Fish and Wildlife and Parks .. | 71,378,995 | 81,190,616 | 89,990,000 |
| ENERGY AND MINERALS | | | |
| Geological Survey | | | |
| Payment from proceeds, sale of water ... | 1,451 | -- | -- |
| Bonneville Power Administration | | | |
| Continuing fund ........................ | 102,256 | 5,000,000 | -- |
| Southeastern Power Administration | | | |
| Continuing fund ........................ | 41,422 | 24,000 | -- |
| Total, Energy and Minerals, Department of the Interior, other than Reclamation and Power Agencies .... | 1,451 | -- | -- |
| GRAND TOTAL, ENERGY AND MINERALS, DEPARTMENT OF THE INTERIOR ..... | 145,129 | 5,024,000 | -- |

Permanent Appropriations, Fiscal Years 1973, 1974, and 1975

| Bureau or Office and Appropriation Title | 1974 Actual | 1974 Estimate | 1975 Estimate |
|---|---|---|---|
| Bureau of Indian Affairs | | | |
| Claims and treaty obligations........... | 264,924 | 161,000 | 161,000 |
| Acquisition of lands and loans to Indians in Oklahoma Act of June 26, 1936 ...... | 8,473 | 10,000 | 10,000 |
| Operation and maintenance, Indian irrigation systems .................. | 6,065,657 | 4,169,000 | 4,830,000 |
| Power systems, Indian irrigation projects | 4,796,368 | 3,400,000 | 3,400,000 |
| Total, Bureau of Indian Affairs .... | 11,135,422 | 7,740,000 | 8,401,000 |
| Territorial Affairs | | | |
| Internal Revenue collections for Virgin Islands ...................... | 21,133,606 | 23,200,000 | 24,900,000 |
| Office of Comptroller for Guam ........ | 469,000 | 420,000 | 625,000 |
| Total, Territorial Affairs ........ | 21,602,606 | 23,620,000 | 25,525,000 |
| SECRETARIAL OFFICES | | | |
| Office of the Secretary | | | |
| Litter prevention and cleanup ......... | 10,540 | 25,000 | 25,000 |
| TOTAL, PERMANENT APPROPRIATIONS, DEPARTMENT OF THE INTERIOR OTHER THAN RECLAMATION & POWER AGENCIES | $201,867,130 | $217,640,616 | $244,046,000 |
| TOTAL, RECLAMATION & POWER AGENCIES | $ 3,030,604 | $ 8,324,000 | $ 3,300,000 |
| GRAND TOTAL, DEPARTMENT OF THE INTERIOR ......... | $204,897,734 | $225,964,616 | $247,346,000 |

Annual Indefinite Appropriations, Fiscal Years 1973, 1974, and 1975

| Bureau or Office and Appropriation Title | 1973 Actual | 1974 Estimate | 1975 Estimate |
|---|---|---|---|
| LAND AND WATER RESOURCES | | | |
| Bureau of Land Management | | | |
| Oregon and California grant lands .... | 22,323,526 | 28,750,000 | 28,750,000 |
| Range improvements .................. | 2,713,659 | 3,242,000 | 4,503,000 |
| Total, Bureau of Land Management . | 25,037,185 | 31,992,000 | 33,253,000 |
| TOTAL, DEPARTMENT OF THE INTERIOR OTHER THAN RECLAMATION AND POWER AGENCIES ........... | 25,037,185 | 31,992,000 | 33,253,000 |

Trust Funds, Fiscal Years 1973, 1974, and 1975

| Bureau or Office and Appropriation Title | 1973 Actual | 1974 Estimate | 1975 Estimate |
|---|---|---|---|
| LAND AND WATER RESOURCES | | | |
| Bureau of Land Management | | | |
| Contributed funds ...................... | 362,630 | 445,000 | 445,000 |
| Expenses, public survey work ........... | 56,325 | 64,000 | 64,000 |
| Trustee funds, Alaska Townsites ........ | 14,556 | 1,000 | 1,000 |
| Total, Bureau of Land Management .. | 433,511 | 510,000 | 510,000 |
| Office of the Secretary | | | |
| Cooperation with foreign agencies ..... | 35,290 | 44,000 | -- |
| Liquidation of contract authority ..... | (26,710) | (66,000) | -- |
| Bureau of Reclamation | | | |
| Reclamation Trust Funds ................ | 1,516,194 | 3,823,000 | 6,115,000 |
| Total, Land and Water Resources .... | 1,984,995 | 4,377,000 | 6,625,000 |
| FISH AND WILDLIFE AND PARKS | | | |
| Bureau of Sport Fisheries and Wildlife | | | |
| Contributed funds ..................... | 1,646,935 | 1,663,000 | 1,663,000 |
| National Park Service | | | |
| Donations .............................. | 1,657,685 | 2,697,000 | 2,697,000 |
| Preservation, birthplace of Abraham Lincoln | 2,540 | 3,000 | 3,000 |
| Jefferson National Expansion Memorial contributions ............... | -- | 300,000 | 300,000 |
| Advances from District of Columbia .... | 100,000 | -- | -- |
| Total, National Park Service ...... | 1,760,225 | 3,000,000 | 3,000,000 |
| Total, Fish and Wildlife and Parks | 3,407,160 | 4,663,000 | 4,663,000 |
| ENERGY AND MINERALS | | | |
| Bonneville Power Administration | | | |
| Trust Fund ........................... | 20,623,452 | 2,500,000 | 2,500,000 |
| Bureau of Mines | | | |
| Contributed funds .................. | 496,278 | 1,300,000 | 800,000 |
| Office of Coal Research | | | |
| Cosponsor Funds .................... | 3,471,066 | 10,000,000 | 13,000,000 |
| Total, Energy and Minerals ....... | 24,590,796 | 13,800,000 | 16,300,000 |

Trust Funds, Fiscal Years 1973, 1974, and 1975

| Bureau or Office and Appropriation Title | 1973 Actual | 1974 Estimate | 1975 Estimate |
|---|---|---|---|
| Bureau of Indian Affairs | | | |
| Tribal Funds: | | | |
| Appropriations: | | | |
| Definite | 2,615,816 | 3,000,000 | 3,000,000 |
| Indefinite | 15,895,652 | 15,500,000 | 15,500,000 |
| Permanent | 134,829,521 | 145,500,000 | 83,500,000 |
| Total, Tribal Funds | 153,340,989 | 164,000,000 | 102,000,000 |
| Indian moneys proceeds of labor, agencies, schools, etc. | 3,783,053 | 4,369,000 | 3,869,000 |
| Funds contributed for Indian Projects | 44,561 | 129,000 | 129,000 |
| Bequest of George C. Edgeter, for relief of indigent Indians | 2,137 | 2,000 | 2,000 |
| Total, Miscellaneous | 3,829,751 | 4,500,000 | 4,000,000 |
| Total, Bureau of Indian Affairs | 157,170,740 | 168,500,000 | 106,000,000 |
| TOTAL, DEPARTMENT OF THE INTERIOR OTHER THAN RECLAMATION AND BONNEVILLE POWER ADMINISTRATION | 165,014,045 | 185,017,000 | 124,973,000 |
| GRAND TOTAL, DEPARTMENT OF THE INTERIOR | $187,153,691 | $191,340,000 | $133,588,000 |

### DEPARTMENT OF THE INTERIOR

### Appropriations Compared with Receipts
(Exclusive of Trust Funds)
(In thousands of dollars)

Excludes Bureau of Reclamation and Power Marketing Agencies

| Appropriations | 1973 Actual | 1974 Estimate | 1975 Estimate |
|---|---|---|---|
| Annual Definite ............................ | 1,744,220 | 1,736,037 | 2,546,007 |
| Permanent ............................ | 201,867 | 217,640 | 244,046 |
| Annual Indefinite ............................ | 25,037 | 31,992 | 33,253 |
| Total ............................ | 1,971,124 | 1,985,669 | 2,823,306 |

**Receipts**

| | 1973 Actual | 1974 Estimate | 1975 Estimate |
|---|---|---|---|
| Fees and licenses to import petroleum and petroleum products ............................ | -- | 25,000 | 165,000 |
| Admission fees and concessions ............... | 15,258 | 17,550 | 17,651 |
| Receipts from sale of refuge products ........ | 4,012 | 4,500 | 4,700 |
| Grazing fees ............................ | 10,165 | 13,197 | 15,142 |
| Revenue, Oregon and California and Coos Bay Wagon Road Lands ............................ | 98,286 | 118,980 | 118,926 |
| Sale of products ............................ | 3,110 | 3,567 | 4,268 |
| Mineral, oil and gas leasing, etc. ........... | 68,938 | 76,735 | 79,965 |
| Receipts, mineral leasing, Outer Continental Shelf ............................ | 3,955,577 | 6,000,000 | 5,000,000 |
| Interest on and repayment of principal to certain funds ............................ | 2,101 | 2,161 | 2,144 |
| Collections, Reclamation Fund: | | | |
| Bureau of Land Management: | | | |
| Receipts from mineral leasing public lands | 70,469 | 71,925 | 75,600 |
| Other Receipts ............................ | 4,933 | 6,856 | 7,202 |
| Total Collections, Reclamation Fund | 75,402 | 78,781 | 82,802 |
| Miscellaneous rentals, fees, and permits ..... | 2,139 | 2,670 | 2,767 |
| Collections and services to Indians .......... | 13,249 | 9,117 | 9,778 |
| Recoveries and refunds ............................ | 1,904 | 1,261 | 1,261 |
| Sale of public lands, buildings, & other property ............................ | 2.563 | 969 | 889 |
| Receipts, Land and Water Conservation Fund ... | 916 | 5 | 5 |
| Unclassified receipts ............................ | 356 | 380 | 363 |
| Trans-Alaska Pipeline fees and charges ....... | 41 | 19,150 | 9,890 |
| Total, Proprietary Receipts ...... | 4,254,017 | 6,374,023 | 5,515,551 |
| Collected by Interior but not deducted in Printed Budget: | | | |
| Governmental Receipts ............................ | 25,157 | 22,005 | 24,236 |

(In thousands of dollars)

Receipts Cont'd)

| | 1974 Actual | 1974 Estimate | 1975 Estimate |
|---|---|---|---|
| Collected by other Federal Agencies: | | | |
| Receipts, Land & Water Conservation Fund | 75,094 | 84,006 | 73,768 |
| Receipts, Federal Aid in Fish Restoration and Management ........................ | 13,023 | 15,539 | 18,800 |
| Receipts, Federal Aid in Wildlife Restoration ............................ | 43,334 | 49,800 | 54,185 |
| Internal Revenue Collection for Virgin Islands ................................ | 21,134 | 17,644 | 17,200 |
| Total Receipts ................ | 4,431,759 | 6,563,017 | 5,703,740 |
| Appropriations compared with total receipts | -2,460,635 | -4,577,348 | -2,880,434 |

## DEPARTMENT OF THE INTERIOR

### Bureau of Reclamation and Power Marketing Agencies
### Appropriations Compared with Receipts
(Exclusive of Trust Funds)

(In thousands of dollars)

| Appropriations | 1973 Actual | 1974 Estimate | 1975 Estimate |
|---|---|---|---|
| Annual Definite ............................ | 656,698 | 560,947 | 627,287 |
| Permanent .................................. | 3,031 | 8,324 | 3,300 |
| Total .......................... | 659,729 | 569,271 | 630,587 |

### Receipts

| | 1973 Actual | 1974 Estimate | 1975 Estimate |
|---|---|---|---|
| Sale of products ........................... | 1 | 1 | 1 |
| Interest on and repayments to other funds .... | 5,869 | 6,283 | 10,690 |
| Revenues from Colorado River Fund Project .... | 5,196 | 5,475 | 6,434 |
| Collections, Reclamation Fund: | | | |
| Bureau of Reclamation: | | | |
| Sale of power and other utilities ........ | 102,461 | 97,285 | 98,624 |
| Other receipts ........................... | 21,969 | 22,978 | 23,857 |
| Bonneville Power Administration: | | | |
| Sale of electric energy .................. | 3,552 | 4,000 | 4,300 |
| Total Collections, Reclamation Fund | 127,982 | 124,263 | 126,781 |
| Sale of Missouri River Basin Power ........... | 18,295 | 16,800 | 17,100 |
| Sale of Bonneville power ..................... | 123,810 | 124,400 | 166,400 |
| Sale of Southeastern power ................... | 34,813 | 34,269 | 36,183 |
| Sale of Southwestern power ................... | 31,357 | 30,584 | 31,987 |
| Sale of Eklutna, Alaska power ................ | 1,282 | 1,423 | 1,423 |
| Sale of Falcon Dam, Texas power .............. | 200 | 262 | 262 |
| Miscellaneous rentals ........................ | 879 | 879 | 879 |
| Sale of public lands, buildings and other property ............................ | 798 | 522 | 517 |
| Unclassified receipts ........................ | 635 | 310 | 348 |
| Sale and transmission electric energy, Snettisham Project, Alaska ................ | -- | 1,000 | 1,500 |
| Total Proprietary Receipts ....... | 351,117 | 346,471 | 400,505 |
| Collected by Interior, not deducted in Printed Budget: | | | |
| Interest on loans and advances ........... | 14,599 | 15,174 | 14,865 |
| Total Receipts .................... | 365,716 | 361,645 | 415,370 |
| Appropriations compared with total receipts | +294,013 | +207,623 | +215,217 |

## DEPARTMENT OF THE INTERIOR

### Appropriations Compared with Receipts
(Exclusive of Trust Funds)

(In thousands of dollars)

| Appropriations | 1973 Actual | 1974 Estimate | 1975 Estimate |
|---|---|---|---|
| Annual Definite ............................... | 2,400,918 | 2,296,984 | 3,173,294 |
| Permanent ....... ............................. | 204,898 | 225,964 | 247,346 |
| Annual Indefinite ............................ | 25,037 | 31,992 | 33,253 |
| Total ........................... | 2,630,853 | 2,554,940 | 3,453,893 |

| Receipts | 1973 Actual | 1974 Estimate | 1975 Estimate |
|---|---|---|---|
| Fees and licenses to import petroleum and pertroleum products ......................... | -- | 25,000 | 165,000 |
| Admission fees and concessions ................ | 15,258 | 17,550 | 17,651 |
| Receipts from sale of refuges products ........ | 4,012 | 4,500 | 4,700 |
| Grazing fees ................................. | 10,165 | 13,197 | 15,142 |
| Revenues, Oregon and California and Coos Bay Wagon Road lands ........................ | 98,286 | 118,980 | 118,926 |
| Sales of products ............................ | 3,111 | 3,568 | 4,269 |
| Mineral, oil and gas leasing, etc. ............ | 68,938 | 76,735 | 79,965 |
| Receipts from mineral leasing, Outer Continental Shelf ........................... | 3,955,577 | 6,000,000 | 5,000,000 |
| Interest on and repayment to other funds ...... | 7,970 | 8,444 | 12,834 |
| Revenues from Colorado River Dam Fund project | 5,196 | 5,475 | 6,434 |
| Collections, Reclamation Fund | | | |
| Bureau of Reclamation: | | | |
| Sale of power and other utilities ......... | 102,461 | 97,285 | 98,624 |
| Other receipts ............................ | 21,970 | 22,978 | 23,857 |
| Bonneville Power Administration: | | | |
| Sale of electric energy ................... | 3,552 | 4,000 | 4,300 |
| Bureau of Land Management: | | | |
| Receipts from mineral leasing, public lands | 70,469 | 71,925 | 75,600 |
| Other Receipts ............................ | 4,932 | 6,856 | 7,202 |
| Total, Collections, Reclamation Fund | 203,384 | 203,044 | 209,583 |
| Trans-Alaska Pipeline fees and charges .. ...... | 41 | 19,150 | 9,890 |
| Sale of Missouri River Basin Power ............ | 18,295 | 16,800 | 17,100 |
| Sale of Bonneville Power ...................... | 123,810 | 124,400 | 166,400 |
| Sale of Southeastern power .................... | 34,813 | 34,269 | 36,183 |
| Sale of Southwestern power .................... | 31,357 | 30,584 | 31,987 |
| Sale of Eklutna, Alaska power ................. | 1,282 | 1,423 | 1,423 |
| Sale and transmission of electric energy, Snettisham Project, Alaska .................. | -- | 1,000 | 1,500 |
| Sale of Falcon Dam, Texas power ............... | 200 | 262 | 262 |
| Miscellaneous rentals, fees, and permits ...... | 3,018 | 3,549 | 3,646 |
| Collections for services to Indians ........... | 13,249 | 9,117 | 9,778 |
| Recoveries and refunds ........................ | 1,904 | 1,261 | 1,261 |
| Sale of Public lands, buildings,& other property | 3,361 | 1,491 | 1,406 |
| Receipts, Land & Water Conservation Fund ..... | 916 | 5 | 5 |
| Unclassified receipts ........................ | 991 | 690 | 711 |
| Total Proprietary Receipts ....... | 4,605,134 | 6,720,494 | 5,916,056 |

(In thousands of dollars)

| | 1973 Actual | 1974 Estimate | 1975 Estimate |
|---|---|---|---|
| Collected by Interior not deducted in Printed Budget: | | | |
| Governmental receipts .................... | 25,157 | 22,005 | 24,236 |
| Interest on loans and advances ........... | 14,599 | 15,174 | 14,865 |
| Collected by other Federal Agencies: | | | |
| Receipts, Land & Water Conservation Funds | 75,094 | 84,006 | 73,768 |
| Receipts, Federal Aid in Fish Restoration and Management .......................... | 13,023 | 15,539 | 18,800 |
| Receipts, Federal Aid in Wildlife Restoration ............................ | 43,334 | 49,800 | 54,185 |
| Internal Revenue Collections for Virgin Islands ................................ | 21,134 | 17,644 | 17,200 |
| Total Receipts ................... | 4,797,475 | 6,924,662 | 6,119,110 |
| **Net Difference** | | | |
| Appropriations compared with total receipts | -2,166,622 | -4,369,722 | -2,665,217 |

### DEPARTMENT OF THE INTERIOR

### Other than Reclamation and Power Marketing Agencies

### Analysis of Permanent Positions, Fiscal Years 1973-1975

| Bureau or Office and Appropriation Title | Permanent Positions in 1975 Budget 1973 | 1974 | 1975 | Increase or Decrease (-) |
|---|---|---|---|---|
| LAND AND WATER RESOURCES | | | | |
| Bureau of Land Management | | | | |
| Management of lands and resources | 3,2[illegible] | 3,539 | 3,885 | 346 |
| Construction and maintenance | 100 | 100 | 110 | 10 |
| Public lands development roads and trails (Liquidation of contract authority) | 75 | 75 | 75 | -- |
| Oregon and California grant lands | 489 | 519 | 568 | 49 |
| Allocation to other agencies | -79 | -109 | -115 | -6 |
| Net, Total | 410 | 410 | 453 | 43 |
| Range improvements | 44 | 44 | 44 | -- |
| Other funds | 45 | 46 | 46 | -- |
| Total, Bureau of Land Management | 3,915 | 4,214 | 4,613 | 399 |
| Office of Water Resources Research | | | | |
| Salaries and expenses | 46 | 46 | 46 | -- |
| Total, Land and Water Resources | 3,961 | 4,260 | 4,659 | 399 |
| FISH AND WILDLIFE AND PARKS | | | | |
| Bureau of Outdoor Recreation | | | | |
| Salaries and expenses | 219 | 219 | 219 | -- |
| Land and water conservation | 859 | 844 | 860 | 16 |
| Allocations to other bureaus and agencies | -56[illegible] | -548 | -564 | -16 |
| Net, Total | 296 | 296 | 296 | -- |
| Subtotal | 515 | 515 | 515 | -- |
| Other funds | 34 | 24 | 25 | 1 |
| Total, Bureau of Outdoor Recreation | 549 | 539 | 540 | 1 |
| Bureau of Sport Fisheries and Wildlife | | | | |
| Resource management | 3,374 | 3,377 | 3,500 | 123 |
| Construction and anadromous fish | 110 | 110 | 110 | -- |
| Migratory bird conservation account | 206 | 206 | 206 | -- |
| Subtotal | 3,690 | 3,693 | 3,816 | 123 |
| Other funds | 507 | 511 | 572 | 61 |
| Total, Bureau of Sport Fisheries and Wildlife | 4,197 | 4,204 | 4,388 | 184 |
| National Park Service | | | | |
| Operation of the National Park System | 6,672 | 6,725 | 7,011 | 286 |
| Planning and construction | 453 | 453 | 461 | 8 |
| Road construction (Liquidation of contract authority) | 163 | 152 | 152 | -- |
| Allocations to other agencies | -49 | -38 | -38 | -- |
| Net, Total | 114 | 114 | 114 | -- |
| Preservation of historic properties | 140 | 140 | 148 | 8 |
| John F. Kennedy Center for the performing arts. | 82 | 82 | 82 | -- |
| Planning, development and operation of recreation facilities | -- | 143 | 168 | 25 |
| Subtotal | 7,461 | 7,657 | 7,984 | 327 |
| Other funds | 512 | 507 | 507 | -- |
| Total, National Park Service | 7,973 | 8,164 | 8,491 | 327 |
| Total, Fish and Wildlife and Parks | 12,719 | 12,907 | 13,419 | 512 |

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## Analysis of Permanent Positions, Fiscal Years 1973-1975

| Bureau or Office and Appropriation Title | Permanent Positions in 1975 Budget | | | |
|---|---|---|---|---|
| | 1973 | 1974 | 1975 | Increase or Decrease (-) |
| **ENERGY AND MINERALS** | | | | |
| Geological Survey | | | | |
| Surveys, investigations, and research | 5,839 | 5,857 | 6,477 | 620 |
| Other funds | 2,250 | 2,389 | 2,294 | -95 |
| Total, Geological Survey | 8,089 | 8,246 | 8,771 | 525 |
| Bureau of Mines | | | | |
| Mines and minerals | 3,152 | 3,175 | 3,466 | 291 |
| Helium fund | 258 | 258 | 258 | -- |
| Subtotal | 3,410 | 3,433 | 3,724 | 291 |
| Other funds | 226 | 226 | 226 | -- |
| Total, Bureau of Mines | 3,636 | 3,659 | 3,950 | 291 |
| Mining Enforcement and Safety Administration | | | | |
| Salaries and expenses | 2,493 | 2,865 | 2,995 | 130 |
| Other funds | 6 | 6 | 6 | -- |
| Total, Mining Enforcement and Safety Administration | 2,499 | 2,871 | 3,001 | 130 |
| Office of Coal Research | | | | |
| Salaries and expenses | 41 | 110 | 222 | 112 |
| Fuel Allocation, Oil and Gas Program | | | | |
| Salaries and expenses | 67 | 1,191 | 2,126 | 935 |
| Other funds | 9 | 9 | 9 | -- |
| Total, Fuel Allocation, Oil and Gas Program | 76 | 1,200 | 2,135 | 935 |
| Total, Energy and Minerals | 14,341 | 16,086 | 18,079 | 1,993 |
| Bureau of Indian Affairs | | | | |
| Operation of Indian programs | 14,575 | 14,173 | 13,002 | -1,171 |
| Construction | 454 | 297 | 304 | 7 |
| Allocation to another bureau | -111 | -131 | -138 | -7 |
| Net total | 343 | 166 | 166 | -- |
| Road construction (Liquidation of contract authority) | 493 | 483 | 447 | -36 |
| Allocation to other agencies | -33 | -31 | -31 | -- |
| Net total | 460 | 452 | 416 | -36 |
| Other funds | 628 | 555 | 517 | -38 |
| Total, Bureau of Indian Affairs | 16,006 | 15,346 | 14,101 | -1,245 |
| Territorial Affairs | | | | |
| Administration of Territories | 57 | 12 | 12 | -- |
| Trust Territory of the Pacific Islands | 204 | 171 | 167 | -4 |
| Subtotal | 261 | 183 | 179 | -4 |
| Other funds | -- | 53 | 55 | 2 |
| Total, Territorial Affairs | 261 | 236 | 234 | -2 |
| **SECRETARIAL OFFICES** | | | | |
| Office of the Solicitor | | | | |
| Salaries and expenses | 370 | 451 | 472 | 21 |
| Other funds | 3 | 3 | 3 | -- |
| Total, Office of the Solicitor | 373 | 454 | 475 | 21 |

Analysis of Permanent Positions, Fiscal Years 1973-1975

| Bureau or Office and Appropriation Title | Permanent Positions in 1975 Budget |  |  |  |
|---|---|---|---|---|
|  | 1973 | 1974 | 1975 | Increase or Decrease (-) |
| Office of the Secretary |  |  |  |  |
| Salaries and expenses | 683 | 752 | 701 | -51 |
| Departmental operations | 225 | 253 | 280 | 27 |
| Saline Water research | 78 | 70 | 29 | -41 |
| Energy conservation and analysis | -- | -- | 132 | 132 |
| Subtotal | 986 | 1,075 | 1,142 | 67 |
| Other funds | 257 | 322 | 303 | -19 |
| Total, Office of the Secretary | 1,243 | 1,397 | 1,445 | 48 |
| Total, Secretarial Offices | 1,616 | 1,851 | 1,920 | 69 |
| Grand Total | 48,904 | 50,686 | 52,412 | 1,726 |
| Annual Appropriations: |  |  |  |  |
| Gross positions | 45,260 | 46,892 | 48,735 | 1,843 |
| Allocations to other bureaus and agencies | -833 | -857 | -886 | -29 |
| Net positions | 44,427 | 46,035 | 47,849 | 1,814 |
| Other funds | 4,477 | 4,651 | 4,563 | -88 |

NOTE: "Other funds" includes permanent appropriations; trust funds; advances and reimbursements; revolving and management funds; and allocations from other bureaus and agencies.

ENT OF THE INTERIOR
S U M M A R Y

Appropriations for Research and Development by Activities
Fiscal Years 1973-1974-1975 and Comparison 1974 vs. 1975

(In thousands of dollars)

| Bureau and Appropriation | Fiscal Year 1973 Actual | Fiscal Year 1974 Estimated | Fiscal Year 1975 Estimated | Increase + Decrease - 1974 vs. 1975 |
|---|---|---|---|---|
| Bureau of Land Management | | | | |
| Management of Lands and Resources ...... | 676 | 600 | 13,297 | +12,697 |
| Oregon and California Grant Lands ..... | 46 | 71 | 49 | -22 |
| Subtotal, Bureau of Land Management | 722 | 671 | 13,346 | +12,675 |
| Office of Water Resources Research | | | | |
| Salaries and Expenses: | | | | |
| Assistance to States for institutes .. | 5,100 | 5,100 | 4,539 | -561 |
| Matching grants to institutes ........ | 3,000 | 3,000 | 3,000 | -- |
| Additional water research ............ | 4,300 | 3,170 | 3,170 | -- |
| Scientific information center ........ | 934 | 934 | 940 | +6 |
| Administration ...................... | 970 | 1,025 | 1,051 | +26 |
| Subtotal, Office of Water Resources Research .............. | 14,304 | 13,229 | 12,700 | -529 |
| Bureau of Outdoor Recreation | | | | |
| Salaries and Expenses (Planning and Research) ........................... | 24 | 20 | -- | -20 |
| Bureau of Sport Fisheries and Wildlif | | | | |
| Resource Management: | | | | |
| Habitat preservation .................. | 3,484 | 3,574 | 4,374 | +800 |
| Wildlife resources .................... | 6,441 | 8,252 | 8,785 | +533 |
| Fishery resources ..................... | 6,360 | 6,656 | 6,656 | -- |
| Endangered species .................... | 888 | 840 | 840 | -- |
| Construction and Anadromous Fish: | | | | |
| Construction and rehabilitation ....... | -- | 958 | 3,725 | +2,767 |
| Anadromous fish ....................... | 350 | 350 | 350 | -- |

(In thousands of dollars)

| Bureau and Appropriation | Fiscal Year 1973 Actual | Fiscal Year 1974 Estimated | Fiscal Year 1975 Estimated | Increase + Decrease - 1974 vs. 1975 |
|---|---|---|---|---|
| **Bureau of Sport Fisheries & Wildlife** (Cont'd) | | | | |
| Federal Aid in Fish Restoration and Management .......................... | 3,625 | 3,800 | 4,050 | +250 |
| Federal Aid in Wildlife Restoration .. | 5,425 | 4,100 | 4,300 | +200 |
| Contributed Funds - (Trust Funds) .... | 150 | 150 | 150 | -- |
| Subtotal, Bureau of Sport Fisheries and Wildlife .. | 26,723 | 28,680 | 33,230 | +4,550 |
| **Geological Survey** | | | | |
| Surveys, Investigations, and Research: | | | | |
| Special resource and Environmental Projects .......................... | 3,469 | 3,882 | 10,408 | +6,526 |
| Alaska pipeline related investigations | 1,239 | 905 | 347 | -558 |
| Topographic surveys and mapping ..... | 941 | 1,000 | 1,000 | -- |
| Geologic and mineral resource surveys and mapping ........................ | 33,432 | 39,742 | 64,548 | +24,806 |
| Water resources investigations ...... | 14,950 | 15,538 | 18,433 | +2,895 |
| Conservation of lands and minerals .. | 1,880 | 3,250 | 3,410 | + 160 |
| Earth resources observation systems . | 10,357 | 5,304 | 3,466 | -1,838 |
| Resource & land information program . | -- | 944 | 954 | +10 |
| Land use data and analysis .......... | -- | -- | 375 | +375 |
| Subtotal, Geological Survey ...... | 66,268 | 70,565 | 102,941 | +32,376 |
| **Bureau of Mines** | | | | |
| Mines and Minerals: | | | | |
| Energy .............................. | 20,061 | 23,811 | 81,108 | +57,297 |
| Metallurgy .......................... | 16,007 | 16,272 | 19,898 | +3,626 |
| Mining .............................. | 37,958 | 43,783 | 89,750 | +45,967 |
| Engineering, evaluation & demonstration | 5,004 | 5,629 | 4,006 | -1,623 |
| Subtotal, Bureau of Mines ........ | 79,030 | 89,495 | 194,762 | +105,267 |

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(In thousands of dollars)

| Bureau and Appropriation | Fiscal Year 1973 Actual | Fiscal Year 1974 Estimated | Fiscal Year 1975 Estimated | Increase + Decrease - 1974 vs. 1975 |
|---|---|---|---|---|
| Office of Coal Research | | | | |
| Salaries and Expenses .................. | 43,490 | 123,400 | 283,400 | +160,000 |
| Co-sponsor Funds (Trust Funds) ........ | 3,471 | 10,000 | 13,000 | +3,000 |
| Subtotal, Office of Coal Research | 46,961 | 133,400 | 296,400 | +163,000 |
| Office of the Secretary | | | | |
| Salaries and expenses ................ | -- | 8,888 | -- | -8,888 |
| Salaries and expenses (Special Foreign Currency Program) .................. | 500 | 670 | 522 | -148 |
| Departmental Operations .............. | -- | -- | 2,000 | +2,000 |
| Energy Conservation and Analysis ..... | -- | -- | 27,900 | +27,900 |
| Saline water research ................ | 26,871 | 3,627 | 3,029 | -598 |
| Subtotal, Office of the Secretary | 27,371 | 13,185 | 33,451 | +20,266 |
| Total, Department of the Interior except Reclamation and Power Marketing Bureaus ............. | 261,403 | 349,245 | 686,830 | +337,585 |

Office of Budget
February 21, 1974

## BUREAU OF LAND MANAGEMENT

### Miscellaneous Permanent Appropriations

| | |
|---|---|
| Appropriated, 1974 (estimate)................. | $105,065,000 |
| Estimate, 1975............................... | 120,105,000 |
| Increase.................................. | 15,040,000 |

### JUSTIFICATION

1. Payments to Oklahoma (royalties)(receipts limitation), $1,000. The joint resolution of Congress approved June 12, 1926, provides for payment to the State of Oklahoma of 37 1/2 percent of oil and gas royalties received from the south half of the Red River, Oklahoma. The payment is in lieu of all State and local taxes upon Kiowa, Comanche, and Apache tribal funds received from such lands under the Act of March 4, 1923 (42 Stat. 1448), and is to be used by the State for the construction and maintenance of public roads, or for the support of public roads, or for the support of public schools, or other institutions of learning (44 Stat. 740). The estimate is an increase of $1,000 over FY 1974.

2. Payments to Coos and Douglas Counties, Oregon, from receipts, Coos Bay Wagon Road grant lands, $525,000. Not to exceed 75 percent of the receipts in any one year from the Coos Bay Wagon Road grant lands in Oregon are for payment annually in lieu of taxes, to Coos and Douglas Counties, as provided in the Act of February 26, 1919 (40 Stat. 1179), and the Act of May 25, 1939 (53 Stat. 753-754). The estimate is the same as FY 1974.

3. Payments to Counties, Oregon and California grant lands, $57,500,000. In accordance with Title II of the Act of August 28, 1938 (50 Stat. 874, 43 U.S.C. 1181f), 75 percent of the moneys deposited in the Oregon and California grant land fund is to be paid to the counties in which the revested lands are situated. However, the "Oregon and California Grant Lands" appropriation of the Bureau of Land Management provides that 25% of the receipts collected from sale of timber and other products on the O&C lands are available for construction, operation, maintenance of access roads, reforestation, and other Federal lands in the Oregon and California land-grant counties of Oregon. The amount appropriated will be a reimbursable charge against the Oregon and California land grant fund and be reimbursed to the general fund of the Treasury from amounts otherwise payable to the counties. The estimate is an increase of $10,309,000 resulting from an increase in the price of timber in Western Oregon.

4. Payments to States (proceeds of sales) (receipt limitation) $359,000. Under various Acts of Congress including 31 U.S.C. 711, States receive for education, roads and improvements, 5% of the proceeds of sale of public lands and of various materials from the public land after deducting all the expenses incident to sale. The estimate is an increase of $30,000 over FY 1974.

5. Payments to States from grazing receipts, etc., public lands outside grazing districts, $690,000. States are paid 50% of moneys received as grazing fees from public lands outside grazing districts, under the provisions of section 10 of the Act of June 28, 1934, as amended (43 U.S.C. 315i, 315m). The estimate is an increase of $114,000 over FY 1974 attributable to grazing fee increases.

6. Payments to States from grazing receipts, etc., public lands within grazing districts, $777,000. Under the provisions of section 10 of the Act of June 28, 1934, (43 U.S.C. 315b, 315i), 12 1/2% of receipts from grazing fees from public lands within grazing districts is paid to States in which the lands are situated. The estimate is an increase of $167,000 over FY 1974.

7. Payments to States from grazing receipts, etc., public lands within grazing districts, miscellaneous, $8,000. The STates are paid such amounts from grazing fees on miscellaneous lands within grazing districts when fees are not susceptable to a standardized and uniform distribution on a percentage basis (43 U.S.C. 315). The estimate is an increase of $4,000 over FY 1974.

8. Payments to States from receipts under Mineral Leasing Act, $58,734,000. Alaska is paid 90% and other States are paid 37 1/2 of receipts from bonuses, royalties, and rentals under the provision of the Mineral Leasing Act (30 U.S.C. 191), and 37 1/2% of receipts from bonuses, royalties, and rentals from leases of potash deposits under the Act of February 7, 1927, (30 U.S.C. 1012). The estimate is an increase of $4,346,000 from FY 1974, primarily attributable to new oil and gas leasing activity.

9. Payments to counties, natural grasslands, $311,000. Counties in which submarginal lands, under the Bankhead-Jones Farm Tenant Act of July 22, 1937 (50 Stat. 525, 7 U.S.C. 1010) transferred to the jurisdiction of the Department by Executive Order 10787, dated November 6, 1958, are located, are paid 25% of net revenues received during each calendar year from the use of such lands; such funds to be used for school or road purposes or both (7 U.S.C. 1012). The estimate is an increase of $69,000 over FY 1974.

10. Expenses, Public Land Administration Act, $1,200,000. Public Law 86-649 of July 14, 1960 (43 U.S.C. 1381-1383) permanently appropriated to the Secretary of the Interior moneys received as a result of forfeitures by timber sale contractors for failure to restore areas damaged by cutting operations and other amounts received in settlement of damage to timber lands and moneys received from road users for road maintenance. The amounts appropriated remain available until expended. Any amounts in excess of the cost of doing the work authorized are transferred to miscellaneous receipts (74 Stat. 507-508). The estimate is the same as FY 1974.

DEPARTMENT OF THE INTERIOR
BUREAU OF SPORT FISHERIES AND WILDLIFE

## MIGRATORY BIRD CONSERVATION ACCOUNT

### Statement Relating Appropriation Estimate to Current Appropriations

| | |
|---|---|
| 1974 Appropriation (estimated receipts for FY 1974).............. | $11,000,000 |
| 1975 Appropriation (estimated receipts for FY 1975).............. | 12,000,000 |

Acquisition of refuges and other areas:

| | Amount Available 1973 | Amount Available 1974 | Estimate 1975 | Increase or Decrease (-) |
|---|---|---|---|---|
| Advance (current definite) | $ 7,100,000 | $ 3,500,000 | .... | $-3,500,000 |
| Duck stamp receipts (permanent indefinite) | 10,734,313 | 11,000,000 | $12,000,000 | 1,000,000 |
| TOTAL | $17,834,313 | $14,500,000 | $12,000,000 | $-2,500,000 |

The program funded from the Migratory Bird Conservation Account provides for acquisition of habitat to maintain the National migratory bird resource pursuant to the Migratory Bird Conservation Act (16 U.S.C. 715-715s), and the Migratory Bird Hunting Stamp Act as amended in 1958 (16 U.S.C. 718d). Basic funding is from money available from the sale of migratory bird hunting stamps commonly known as duck stamps. Receipts from the sale of duck stamps and advance appropriations authorized by the wetlands loan act of October 4, 1961 (16 U.S.C. 715k-3-5), are merged in the Migratory Bird Conservation Account. These funds are available exclusively for payment of U. S. Postal Service expenses of printing and selling duck stamps and the costs of location, ascertainment, and acquisition of suitable areas for migratory bird refuges and waterfowl production areas.

The Wetlands Loan Act was passed in 1961 to accelerate the acquisition of waterfowl habitat. An objective of 2,500,000 acres was established for this accelerated program, which has been extended from the initial 7-year program to the present 15-year program. The advance appropriations have totaled $84.9 million against the $105 million authorization. After the loan authorization terminates on June 30, 1976, repayment of the loan begins with 75 percent of annual duck stamp receipts.

No advance appropriation is being requested for fiscal year 1975. The obligation program of $14.8 million will be used to acquire the most critical tracts for refuges and waterfowl production areas. The funds will also be used to purchase long-term options that can be accepted in future years and to lease tracts in order to hold them from being converted to other uses. Even though wetlands continue to be threatened with destruction and prices are escalating at a rapid rate, there is this means of flexibility that permits postponement of obligations for a limited time. Thus, existing staff can be used to stockpile future commitments.

Accomplishments and future programs: In the twelve years of the accelerated program, 1,657,000 acres have been acquired or protected by easement, as shown below. The accomplishments include the establishment of 45 new refuges and completion of 36 refuges. If the estimated acreage through Fiscal Year 1975 is acquired, this will represent 74 percent of the objective. However, even if all of the $105 million loan is appropriated, acquisition will fall short of the program objective by about 500,000 acres.

ESTIMATES OF ACCOMPLISHMENTS AND OBJECTIVES, 1962-1976
(ACRES)

| Year | Refuges | Waterfowl Production Areas | | | Total |
|---|---|---|---|---|---|
| | | Fee | Easements | Total | |
| 1962-1973 | 383,207 | 334,313 | 939,528 | 1,273,841 | 1,657,048 |
| 1974 (estimate) | 22,000 | 24,000 | 50,000 | 74,000 | 96,000 |
| 1975 (estimate) | 17,000 | 27,000 | 48,000 | 75,000 | 92,000 |
| Total 1962-1975 | 422,207 | 385,313 | 1,037,528 | 1,422,841 | 1,845,048 |
| Objectives (1976) | 750,000 | 600,000 | 1,150,000 | 1,750,000 | 2,500,000 |
| Difference | 327,793 | 214,687 | 112,472 | 327,159 | 654,952 |

DEPARTMENT OF THE INTERIOR
BUREAU OF SPORT FISHERIES AND WILDLIFE

## FEDERAL AID IN FISH RESTORATION AND MANAGEMENT

### Statement Relating Appropriation Estimate to Current Appropriations

---

| | |
|---|---|
| 1974 estimate (receipts for fiscal year 1973). | $15,539,348 |
| 1975 estimate (estimated receipts for fiscal year 1974). | 18,800,000 |

### JUSTIFICATION

The Act of August 9, 1950, commonly known as the Dingell-Johnson Act (16 U.S.C. 777a-k) authorizes the Secretary of the Interior to cooperate with the States through their respective fish and game departments in fish restoration and management projects. The Act authorizes appropriation of an amount equal to collections of the 10 percent manufacturer's excise tax on fishing rods, creels, reels, artificial lures, etc. There is authorized to be deducted from amounts so appropriated not to exceed 8 percent for expenses of administration of the Act. The remainder is apportioned to the States on the basis of a formula which takes into account the land area and number of persons holding paid fishing licenses. The Act provides for 1 percent minimum and 5 percent maximum apportionments to the States. The Commonwealth of Puerto Rico will receive 1 percent. Guam, the Virgin Islands and American Samoa will each receive one-third of 1 percent. The States, the Commonwealth of Puerto Rico and the territories of American Samoa, Guam, and the Virgin Islands have two years in which to obligate the apportionments. Any funds not obligated revert to the Bureau and are used for the sport fish research program.

The 1975 program is $2,945,000 above 1974 as follows:

| | F.Y. 1974 Estimate | F.Y. 1975 Estimate | Increase or Decrease (-) |
|---|---|---|---|
| 1. Payments to States. — States are reimbursed up to 75 percent of the cost of fish restoration and management projects, including research to aid in management of sport fisheries; development of access sites and facilities for fishermen; and acquisition and improvement of fish habitat. The Commonwealth of Puerto Rico and the territories of American Samoa, Guam, and the Virgin Islands are reimbursed 100 percent of the cost of such projects. Because of recent increase in receipts, the program is higher in 1975 . . . . | $13,205,000 | $16,000,000 | $ 2,795,000 |
| 2. Administration. -- Administration of the Act includes apportionment of funds; examination and approval of fish restoration and management plans; processing of project agreement after approval of State plans, inspection of projects; making payments to States and auditing State expenditures; and coordinating | | | |

| | F.Y. 1974 Estimate | F.Y. 1975 Estimate | Increase or Decrease (-) |
|---|---|---|---|
| research effort of various States. The 1975 program is slightly higher than in 1974. . | $ 950,000 | $1,100,000 | $ 150,000 |
| 3. Sport Fish Research. -- Reverted funds are available for the sport fishery research program of the Bureau. The program in 1975 is at the same level as 1974. . . . . . . | 210,000 | 210,000 | ---- |
| Total Program . . . . . | $14,365,000 | $17,310,000 | $ 2,945,000 |

## DEPARTMENT OF THE INTERIOR
## BUREAU OF SPORT FISHERIES AND WILDLIFE

## FEDERAL AID IN WILDLIFE RESTORATION

### Statement Relating Appropriation Estimate to Current Appropriations

---

| | |
|---|---|
| 1974 estimate (receipts for fiscal year 1973). | $49,800,268 |
| 1975 estimate (estimated receipts for fiscal year 1974). | $54,185,000 |

### JUSTIFICATION

The Act of September 2, 1937, commonly known as the Pittman-Robertson Act (16 U.S.C. 669-669j) authorizes the Secretary of the Interior to cooperate with the States through their respective fish and game departments in wildlife restoration projects. The Act authorizes the setting aside in a special Federal Aid to Wildlife Restoration fund an appropriation of amounts equal to revenues received from the 11 percent manufacturer's excise tax on sporting firearms, shells and cartridges. An amount not to exceed 8 percent is authorized to be deducted for expenses of administration of the Act. The remainder is apportioned to the States on the basis of a formula which takes equally into account the land area and the number of persons holding paid hunting licenses. The Act provides for one-half of 1 percent minimum and 5 percent maximum apportionments to the States. The Commonwealth of Puerto Rico will receive one-half of 1 percent. Guam and the Virgin Islands will each receive one-sixth of 1 percent. The States, the Commwealth of Puerto Rico, and the territories of Guam and the Virgin Islands have two years in which to obligate the apportionments. Any funds not obligated revert to the Bureau and are used for carrying out the purposes of the Migratory Bird Conservation Act.

The Federal Aid in Wildlife Restoration Act Amendments of 1970, (P.L. 91-503) authorizes the setting aside of the 10 percent manufacturer's excise tax on pistols and revolvers into the Federal Aid in Wildlife Restoration fund beginning with 1971 tax receipts. One-half of these receipts are apportioned to each State based on population, and may be used to support hunter safety programs including the construction of target ranges.

The 1975 program is $5,400,000 above 1974 as follows:

| | F.Y. 1974 Estimate | F.Y. 1975 Estimate | Increase or Decrease (-) |
|---|---|---|---|
| 1. Payments to States. -- States are reimbursed up to 75 percent of the cost of approved wildlife restoration projects, including the acquisition and development of land or water areas; wildlife management research; and maintenance of completed projects. The Commonwealth of Puerto Rico and the territories of Guam and the Virgin Islands are reimbursed 100 percent of the cost of such projects. States may also be reimbursed for up to 75 percent of the cost of hunter safety | | | |

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| | F.Y. 1974 Estimate | F.Y. 1975 Estimate | Increase or Decrease (-) |
|---|---|---|---|
| programs including construction of target ranges. The 1975 program is higher than the 1974 program because of increases in excise tax collections. . . . . | $42,000,000 | $47,000,000 | $ 5,000,000 |
| 2. Administration. -- Administration of the Act includes apportioning funds; examining and approving States wildlife restoration project plans, specifications and estimates; processing project agreements; inspecting projects; making payments to States and auditing State expenditures; and coordinating research efforts of the various States. The 1975 program is at a slightly higher level in 1974. . | 2,700,000 | 3,100,000 | 400,000 |
| 3. Carrying out Migratory Bird Conservation Act. -- Reverted funds are available to carry out the provisions of the Migratory Bird Conservation Act and supplement amounts available for wildlife research program of the Bureau. The 1975 program is at the same level as 1974. . . . . | 300,000 | 300,000 | ---- |
| Total Program. . . . . . | $45,000,000 | $50,400,000 | $ 5,400,000 |

## DEPARTMENT OF THE INTERIOR
## BUREAU OF SPORT FISHERIES AND WILDLIFE
## NATIONAL WILDLIFE REFUGE FUND

Statement Relating Appropriation Estimate to Current Appropriation

| | |
|---|---|
| 1974 appropriation . . . . . . . . . . . . . . . . . . . . . . . . . | $4,500,000 |
| 1975 appropriation . . . . . . . . . . . . . . . . . . . . . . . . . | 4,700,000 |

### JUSTIFICATION

The Refuge Revenue Sharing Act (16 U.S.C. 715s) authorized the expenditure of revenues from the National Wildlife Refuge System. Revenues consist of receipts from the sale or other disposition of animals, timber, hay, grass or other products of the soil, minerals, shells, sand or gravel, from other privileges, or from leases for public accommodations or facilities on refuges. The Act authorizes deduction of necessary expenses incurred in connection with the revenue-producing measures and payment to participating counties of the larger of either 25% of net revenues of each refuge or 0.75% of the value of lands acquired in fee. The remainder of the receipts revenue is available for management of the National Wildlife Refuge System and for Enforcement of the Migratory Bird Treaty Act.

The following table shows the program for F.Y. 1973 through F.Y. 1975:

| | 1973 | 1974 | 1975 |
|---|---|---|---|
| Prior year unobligated balance | $4,225,708 | $4,122,750 | $4,141,750 |
| Total receipts | 4,012,474 | 4,500,000 | 4,700,000 |
| Less expenses for sales | -500,000 | -500,000 | -700,000 |
| Net receipts | $3,512,474 | $4,000,000 | $4,000,000 |
| Total available current year | $7,738,182 | $8,122,750 | $8,141,750 |
| Less: | | | |
| Payment to counties | 2,825,957 | 2,710,261 | 3,000,000 |
| Program - current year | 789,475 | 1,270,739 | 900,000 |
| Total costs | $3,615,432 | $3,981,000 | $3,900,000 |
| Balance forwarded | $4,122,750 | $4,141,750 | $4,241,750 |

The program for 1975 is as follows:

Expenses for sales - $700,000. The Act provides for payment of expenses incurred in connection with revenue-producing measures prior to distribution of the revenues. Examples of such expenses are salaries of foresters to cruise and mark timber for sale, auctioneer's fees, transportation of furs to auction houses, and labor and supplies for butchering and shipping buffalo. This fund has not received pay act increases; therefore each time salaries are increased, it results in the value of the expenses for sales program being underestimated by like amounts. The requested $200,000 increase will help offset pay increases incurred since 1967.

Payments to counties - $3,000,000. The Act provides for participation of counties in net revenues. The distribution is 25% of net revenues or 0.75% of the value of lands acquired in fee in case of each refuge to be expended by the county for the benefit of the public schools and roads. When a refuge consists of reserved public lands and is situated in more than one county, the net receipts are prorated to each county in proportion to the area of the refuge in the particular county. The Act provides every five years for a re-examination of land values in order to reflect the current land cost levels.

Development and maintenance to wildlife refuges - $550,000. The receipts remaining after payments of expenses and distribution to counties are available to supplement funds provided for development and management of wildlife refuges in direct appropriations.

Enforcement activities - $350,000. Net receipts are also available to supplement funds provided in the Resource Management appropriation for enforcement of the Migratory Bird Treaty Act.

BUREAU OF SPORT FISHERIES AND WILDLIFE

PROCEEDS FROM SALES, WATER RESOURCE DEVELOPMENT PROJECTS ACCOUNT

| | |
|---|---|
| 1974 appropriation | $15,000 |
| 1975 appropriation | $15,000 |

These receipts will be used to cover the expenses of forestry technicians administering timber-harvest activities and for development and maintenance of wildlife habitat not to exceed the amount of receipts deposited as proceeds from sales. The Eufaula National Wildlife Refuge in Alabama, located on a Corps of Engineers project, is currently engaged in the initial Bureau of Sport Fisheries and Wildlife activity of timber harvesting on a water resources development project. It is anticipated that additional projects eventually will qualify for utilization of this account.

A new special fund receipt account was established for deposit of these receipts in accordance with Treasury Announcement No. 11578, dated September 17, 1971. This is in pursuant to 16 U.S.C. 460d, which states in part ". . . That in any such lease or license to a Federal, State, or local governmental agency which involves lands to be utilized for the development and conservation of fish and wildlife, forests, and other natural resources, the licensee or lessee may be authorized to cut timber and harvest crops as may be necessary to further such beneficial uses and to collect and utilize the proceeds of any sales of timber and crops in the development, conservation, maintenance, and utilization of such lands. . . ."

DEPARTMENT OF THE INTERIOR
NATIONAL PARK SERVICE
MISCELLANEOUS PERMANENT APPROPRIATIONS

Analysis by Appropriation

| | Available 1974 | Estimate 1975 | Increase (+) or Decrease (-) |
|---|---|---|---|
| 1. Educational Expenses, Children of Employees, Yellowstone National Park ............... | $294,000 | $265,000 | $-29,000 |
| 2. Payment of Tax Losses on Land Acquired for Grand Teton National Park ............... | 23,000 | 25,000 | +2,000 |
| 3. Operation, Management, Maintenance and Demolition of Federally Acquired Properties, Independence National Historical Park .... | 25,000 | -- | -25,000 |
| Total .................... | 342,000 | 290,000 | -52,000 |

1. Educational expenses, children of employees, Yellowstone National Park: Fiscal year 1974, $294,000; fiscal year 1975, $265,000; decrease, $29,000. The decrease consists of:

| Increase (+) or Decrease (-) Amount | Positions | Total Program | Total Positions | Explanation |
|---|---|---|---|---|
| (1) $-29,000 | -- | $265,000 | -- | Reduction reflects completion of improvements to facilities in 1974; amount is not needed in Fiscal 1975. |

Program of Work: Public Law 80-604 (62 Stat. 338) approved June 4, 1968, authorizes the use of visitor fees collected at Yellowstone National Park, to provide funds necessary for the education of dependent children of park employees. Assistance is provided for maintaining educational standards at levels consistent with the Park County School District of Montana, for incremental teacher compensation, school supplies, educational aids, payment to school districts for supporting transportation and other services, and for the sound maintenance of the school plant and facilities. A decrease of $29,000 is requested due to completion of improvements to facilities in Fiscal 1974.

2. Payment for tax losses, on land acquired for Grand Teton National Park: Fiscal year 1974, $23,000; fiscal year 1975, $25,000; increase, $2,000. The increase consists of:

| Increase (+) or Decrease (-) Amount | Positions | Total Program | Total Positions | Explanation |
|---|---|---|---|---|
| (1) $+2,000 | -- | $25,000 | -- | For additional tax compensation to State of Wyoming. |

Need for Increase: Pursuant to the act of September 14, 1950 (64 Stat. 851), the Secretary of the Interior is authorized to use visitor fees collected at Grand Teton and Yellowstone National Parks to compensate the State of Wyoming for tax losses on lands acquired for Grand Teton National Park. The amounts paid by the Service vary from year to year, due in part to the change in the tax rate and assessed valuation, the withdrawal of additional lands from the tax rolls for addition to the park, and the gradual reduction (5 percent per year after a 10-year period) in the computed amount due. An additional $2,000 will be required for tax compensation to the State of Wyoming.

It is estimated that $25,000 will be required to compensate the State for 1974 calendar year tax losses.

3. Operation, Management, Maintenance and Demolition of Federally Acquired Properties, Independence National Historical Park: Fiscal year 1974, $25,000; fiscal year 1975, $-0-; decrease, $25,000. The decrease consists of:

| Increase (+) or Decrease (-) | | Total | Total | |
|---|---|---|---|---|
| Amount | Positions | Program | Positions | Explanation |
| (1) $-25,000 | -- | $-0- | -- | No amount required to operate, manage, and maintain Irwin Building as the building will be demolished. |

The demolition of the Irwin Building will be completed in Fiscal 1975. Accordingly, no monies from rental income will be available nor required for operation or maintenance of the properties.

## GEOLOGICAL SURVEY

### Permanent Appropriation

| | |
|---|---|
| Appropriated, 1973 ............ | $1,451 |
| Estimate, 1974 .... ............ | -- |
| Estimate, 1975 ................ | -- |

### JUSTIFICATION

Payments from Proceeds, Sale of Water, Mineral Leasing Act of 1920, Sec. 40(d), Geological Survey

When lessees or operators drilling for oil and gas on public lands strike water, water wells may be developed by the Department from proceeds from the sale of water from existing wells (30 U.S.C. 221-229). No obligations are anticipated in 1975.

## DEPARTMENT OF THE INTERIOR
## BUREAU OF INDIAN AFFAIRS
## MISCELLANEOUS APPROPRIATIONS

Statement Relating 1973, 1974 and 1975 Programs

| | |
|---|---|
| 1973 appropriation | $11,135,000 |
| 1974 appropriation - estimate | 7,740,000 |
| 1975 appropriation - estimate | 8,401,000 |

### JUSTIFICATION

1. Claims and treaty obligations - $161,000.

A. Fulfilling treaties with Senecas of New York - $6,000.

This money is paid in equal share to members of the Seneca Nation as provided by the Act of February 19, 1831 (4 Stat. 442).

B. Fulfilling treaties with Six Nations of New York - $4,500.

The Six Nations comprise the Senecas, Tonawanda Band of Senecas, Tuscarora, Onondago, Oneida and Cayuga Tribes. This money is allocated as follows: $2,700 to the New York Indians for the purchase of dress goods and $1,800 is distributed per capita to the Oneida Indians under the jurisdiction of the Great Lakes Agency, Wisconsin, as provided by the Act of November 11, 1974.

C. Fulfilling treaties with Pawnees, Oklahoma - $30,000.

This money is distributed per capita to the Pawnees as provided by Article 2 as amended of the treaty of September 24, 1857.

D. Payments to Indians of Sioux Reservation - $120,500.

This is an annual charge against the general fund of the Treasury, the amount being indefinite until applications are made and approved. The legal authority for these payments is found in the Act of March 2, 1889, section 17 (25 Stat. 894); Act of June 10, 1896 (29 Stat. 334); and the Act of June 21, 1906 (34 Stat. 326).

2. Acquisition of lands and loans to Indians in Oklahoma, Act of June 26, 1936 - $10,000.

Funds will be derived from mineral deposits underlying certain lands purchased in Oklahoma and will be used for the acquisition of lands and for loans to Individual Indians, associations, or corporate groups of Indians residing in Oklahoma (25 U.S.C. 507).

### 3. Operation and maintenance, Indian irrigation systems - $4,830,000.

Funds are obtained from the collection of assessments against water-users on the various projects and are deposited in the Treasury to the credit of the respective projects. Funds are used for such purposes as annual cleaning of canals and laterals to remove silt, moss and weed growth; repair and replacement of water control structures; operation and maintenance of reservoirs, dams and pumping plants, including the purchase of electrical energy; payment to other government agencies and irrigation districts for operation and maintenance of irrigation systems on Indian lands included and benefited, repair of flood damage; etc. The various projects located on Indian reservations are thus maintained in good operation, permitting the facilities constructed by the Government to be utilized by the Indian and non-Indian landowners within the project who depend upon proper operation and maintenance of the projects for irrigation farming and subsistence. The policy in administration of Indian irrigation projects is to base the assessment rates for the various projects on actual costs.

### 4. Power systems, Indian irrigation projects - $3,400,000.

Funds are obtained from earned revenue deposited in the Treasury to the credit of the respective projects. Funds are used for the operation and maintenance of two hydrogenerating plants; a diesel power generating plant; transmission lines; distribution systems and pumping plants for the use of the project irrigation systems; the purchase of power for resale and for all necessary expenses for operation of power systems. The project power systems serve their primary purpose of furnishing electrical energy to the projects for irrigation and drainage pumping and also furnish energy to mining and milling properties, public utilities and domestic consumers on the project proper, in nearby towns and villages, and in outlying farming areas. The energy supplied by these projects (San Carlos, Colorado River and Flathead Indian Reservations) in many instances is the only source of electrical energy available to the customers. The approximately 115 million kilowatt-hours which are transmitted over all project transmission and distributary systems annually serve approximately 9,600 domestic and commercial customers.

DEPARTMENT OF THE INTERIOR
TERRITORIAL AFFAIRS
ADMINISTRATION OF TERRITORIES

## Internal Revenue Collections for the Virgin Islands

| | |
|---|---|
| Appropriated, 1973 | $21,133,606 1/ |
| Estimate, 1974 | 23,200,000 |
| Estimate, 1975 | 24,900,000 |
| Increase 1975 compared with 1974 | 1,700,000 |

### JUSTIFICATION

The local revenue collected annually by the Government of the Virgin Islands is matched, to the extent of the collections less refunds and costs of collection by a payment out of the annual revenue taxes collected by the United States on Virgin Islands products transported to the United States (26 U.S.C. 7652(6)(3) less the amount needed to cover the salaries and expenses of the Comptroller of the Virgin Islands (Public Law 90-496 approved August 23, 1968, 82 Stat. 837). Operations of the Comptroller are included in the Administration of Territories account as a reimbursement. Payment of these funds to the Virgin Islands Government are not made until the following fiscal year.

Displayed below is the current year net collections and subsequent year distribution of funds by fiscal year:

| | F.Y. 1972 | F.Y. 1973 | F.Y. 1974 | F.Y. 1975 |
|---|---|---|---|---|
| Current year net collections | $18,975,521 | $17,230,211 | $23,200,000 | $24,900,000 |
| Subsequent year distribution: | | | | |
| Comptroller's Office | --- | 470,000 | 645,000 | 875,000 |
| Virgin Islands Government | --- | 18,505,521 | 16,585,211 | 22,325,000 |
| Total | --- | 18,975,521 | 17,230,211 | 23,200,000 |

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1/ Fiscal year 1974 amount includes a prior year adjustment of $3,903,395 which represented prior year underpayments.

## Office of the Comptroller for Guam

| | |
|---|---|
| Appropriated, 1973 | $ 469,000 |
| Appropriated, 1974 | 420,000 |
| Estimate, 1975 | 625,000 |
| Increase 1975 compared with 1974 | 205,000 |

Revenues locally collected in Guam derived from Federal income taxes, custom duties, and other services are used to finance the cost of the Government Comptroller in accordance with Public Law 90-497 (approved August 23, 1968). Operations of the Comptroller are included in the Administration of Territories account as a reimbursement.

DEPARTMENT OF THE INTERIOR
OFFICE OF THE SECRETARY

## LITTER PREVENTION AND CLEANUP

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| | |
|---|---|
| Appropriation, 1973 | $10,540 |
| Appropriation, 1974 estimate | 25,000 |
| Appropriation, 1975 estimate | 25,000 |

### JUSTIFICATION

Public Law 91-419, approved September 25, 1970, permanently appropriated certain monies to the Secretary of the Interior. Royalty fees for the manufacture, reproduction, or use of the Character "Johnny Horizon" will be used for public service anti-litter programs to maintain the beauty and utility of the Nation's public lands (18 U.S.C. 714).

**Mrs. Hansen.** Mr. Secretary, you have a prepared statement and if you wish to insert it in the record and talk extemporaneously that will be fine. If not, please read it. I notice it is not too long.

**Secretary Morton.** I think, Madam Chairman, that I can read it and cover the material faster and more conveniently than I can by trying to pull it apart.

**Mrs. Hansen.** That is fine.

### SECRETARY MORTON'S GENERAL STATEMENT

**Secretary Morton.** Madam. I am very pleased to have this opportunity to discuss with the committee the Department of the Interior's fiscal year 1975 budget request which totals $2.7 billion, compared to $1.9 billion for 1974. The proposed increase is substantial—nearly $800 million—and reflects a strong commitment to meeting Interior's Indian, energy, environmental, and other responsibilities. I would like to focus your attention for a few minutes on some of the major policies reflected in this budget.

### INDIAN POLICY

There are two fundamental tenets to our Indian policy:

1. To assist Indians to receive the rights and opportunities to which they are entitled; and
2. To encourage Indians and their tribal governments to play an increasing role in determining their own future.

With regard to the first, the Federal Government—acting through its legislative and executive branches—has made significant progress in the past few years. Blue Lake has been restored to the Taos Indians. Lands have been returned to the Yakima peoples. We are in the process of achieving settlement of Alaskan Native claims. We have taken steps to protect Indian water rights. We have recently restored the Menominee Tribe to trust status.

### MENOMINEE BUDGET

**Mrs. Hansen.** Mr. Secretary, is there a plan for funding the Menominees in this year's budget?

**Secretary Morton.** I can't answer that but I am sure there must be.

**Mr. Wiles.** It would be within the total budget. There may be a supplemental coming, too. We are working on that.

**Secretary Morton.** Let me supply that for the record.

**Mrs. Hansen.** Please do because the committee is very interested. The Menominees have had a great deal of problems.

[The information follows:]

The passage of the Menominee Restoration Act (Public Law 93–197, Dec. 22, 1973) was too late to be considered in the fiscal year 1975 budget. However, an amendment to the budget is presently under consideration.

The Menominee Restoration Committee, an interim representative of the tribe, provided for in the legislation will be elected March 8, 1974. Until that committee is in existence, it will not be possible to determine the service needs they feel are required or the delivery method for those services.

**Secretary Morton.** I have a feeling that has been taken care of, but whether it has been taken care of as a separate item or whether it has been folded in or not, I don't know.

With the strong support of this committee, we have in the past 4 years (1969–73) more than doubled Interior's direct appropriations for Indian programs in order to help Indians upgrade their educational achievement and standard of living.

The Bureau of Indian Affairs' fiscal year 1975 request shows an increase of $54.7 million over 1974. Major increases are proposed in almost every facet of the Bureau's programs, including education, development of tribal resources, irrigation construction, and liquidating cash for the road construction program. Once again the budget includes $25 million for block grants to Indian tribes to be requested upon enactment of pending legislation.

### BLOCK GRANT LEGISLATION

Mrs. HANSEN. What is the status of that legislation at the present time?

Mr. WHITAKER. A new proposal has been put in by the administration with regard to EDA funding in general, which as I recall it, Madam Chairman, would in effect give roughly 80 percent of the funds directly to the States and leave a discretionary account with the Secretary of Commerce on the order of 20 percent.

A tribal block grant fund of $25 million would be set aside with the new legislation. This new administration legislation would place the responsibility with Interior should Congress enact that particular bill.

Mrs. HANSEN. Has the bill been submitted to Congress?

Mr. WHITAKER. I don't know if the new administration proposal is on the Hill or not. I think it is. It was proposed by Commerce, not by us.

Mrs. HANSEN. Would you ask Commerce to give us a status report on that legislation. One of the problems the committee has is that many requests are presented to us for Indian funding, that logically should be funded out of this program.

Mr. WHITAKER. In other words, you would like the status of the new legislation, plus how it would impact on the old EDA legislation or any future——

Mrs. HANSEN. That is right, and also what happened to this legislation last year.

Secretary MORTON. We can get that for you.

[The information follows:]

By letters dated June 12, 1973, the Interior Department transmitted the proposed "Indian Tribal Government Grant Act" to the Congress. It was introduced as H.R. 9011 and S. 2038, and referred to the respective Interior Committees. Neither committee has scheduled hearings on the proposal.

The "Economic Adjustment Act of 1974" as proposed on February 13, 1974, by the Commerce Department has been introduced as H.R. 12942 and S. 3041. It does not provide for Indian tribal government participation under the assumption that they will be provided for under the proposed "Indian Tribal Government Grant Act" mentioned above.

### ALASKA NATIVE CLAIMS

Secretary MORTON. The budget also includes $70 million under the Alaska Native Claims Settlement Act, bringing appropriations for that purpose to $202.5 million through 1975. We have also requested stepped up funding for the Bureau of Land Management's cadastral survey and land title clearance work associated with the Alaska settlement.

With regard to the second tenet, we have fewer achievements to show. Indians have taken more responsibility for educational programs—through contract schools and Indian school boards—but the vast majority of Indian schools are still operated by Federal employees. Indians have contracted for other services, but the vast majority of these are still provided directly by the Federal Government.

Reform of this situation is not simple. Part of the problem lies in our legal authority. We currently have no general granting authority which would allow tribes to assume managerial responsibility for Federal programs through the grant mechanism.

We have proposed legislation to correct this, and I am hopeful that Congress will enact it this year. A second obstacle has been a matter of program inertia. We have told tribes that we welcome their managerial assumption of many of our programs through contractual arrangements, but we have planned our programs as though we expect little change in the status quo.

We have budgeted largely for Federal program operations and Federal employees; it has been mostly uphill for any tribe to assume management of a Federal program. This budget breaks with that tradition.

We have, for the first time, attempted in our budget to identify all funds going directly to Indian tribes, organizations, and individuals.

For fiscal year 1975, this amounts to about $140 million for the "Operation of Indian Programs" appropriation. We have added to this the cost—about $19 million—associated with 10 percent of the Interior employees delivering services to Indians, in order to offer to the tribes a clear opportunity to assume management of Federal programs through contractual arrangements. If the tribes elect to take us up on this offer, those moneys will be spent directly with the tribes, and Federal employment will drop by more than 1,000.

If the tribes do not elect to do so, we will maintain the status quo. No tribe will be coerced to take over Indian program management, but no reasonable offer will be refused. This proposal has been endorsed by the National Congress of American Indians. I hope that it is supported by other Indian groups and this subcommittee.

### CIVIL SERVICE STATUS FOR INDIANS

Mrs. HANSEN. Mr. Secretary, if an Indian assumes, for example, management of a Federal program, is there any civil service status for the Indian who assumes that task?

Secretary MORTON. What we have asked the Congress to do is to give us the authority to transfer our Federal employees over to the tribes and preserve their civil service benefits.

Mrs. HANSEN. Suppose you were to replace the boarding school management, for example, with Indian management. Your current managers are under civil service and if the Indians assume that management what is their status? Do they have civil service status?

Secretary MORTON. No; they would work for the tribe under whatever type of employment relations exist in that tribe. They would then work for the tribal government. What we are trying to do is to make it easy for those individuals to move from the Federal system to the Indian system by reason of the fact that their benefits would be preserved so that they wouldn't lose their retirement and all the other benefits that they have.

Mrs. HANSEN. I understand.

[Discussion off the record.]

## ENERGY PROGRAMS

Secretary MORTON. Very substantial funding increases are provided for Interior energy programs. Interior is recognized as a major energy agency of the Federal Government but the range of those responsibilities is not widely understood. Let me enumerate them if I may:

1. Pending creation of an independent energy research agency, Interior has lead agency responsibility for all fossil fuel, and power transmission research and development programs and nearly all of the Federal funding for these programs.
2. Interior conducts other major energy and energy related research programs not slated to be transferred elsewhere including coal and oil shale mining research, geothermal research, and uranium processing research.
3. Interior has lead agency status and the bulk of Federal funding for energy resource analysis and appraisal.
4. Interior is the principal source of Federal energy data.
5. Interior conducts the Federal programs for leasing energy resources.
6. Interior administers most Federal right-of-way land use permits for private and public energy development including the Trans-Alaska Pipeline.
7. Interior does environmental evaluations of energy proposals including many proposed by private parties of other agencies.
8. In conjunction with the public works appropriation activities, Interior is a major electric power producer and transmitter.

Mr. McDADE. Mr. Secretary, might I interrupt right there.

Secretary MORTON. Surely.

Mr. McDADE. On point 2, energy related research not slated to be transferred elsewhere, would it be possible for you to just include in the record, or tell us now if you want to, your best understanding of what those reorganizations indicate?

In other words, what are the contemplated transfers that might take place?

Secretary MORTON. First, of course, you know what has taken place. The Federal Energy Office has been organized around the Office of Oil and Gas and two other functions of the Department, though they were certainly not of bureau status. These are the new Office of Energy Conservation and the other one is the Office of Energy Data and Analysis, which is a very important part of any kind of energy management. This is the ability to analyze the data and make sure the decisions are made on good grounds.

Now, if ERDA, which is the energy R. & D. agency that is proposed, comes about it would be likely that the Bureau of Mines would lose some of its research capability. Part of it would go, and this is of concern to me. The other major disassociation would be the Office of Coal Research.

Mrs. HANSEN. What about your hydro programs?

Secretary MORTON. No, our hydro programs, including Bonneville which is a separate unit in the Department together with the rest of the power administrations, would all remain as part of our mission.

### ENERGY ORGANIZATION

I would like to hasten to add that I think the Congress is going to massage this whole question of energy organization very thoroughly and I think that such a massage is in order. This is not to say that the Congress is in any way connected with massage parlors, but I do think that it is a thing that we should look at because my personal belief is that you don't solve these problems by reorganization.

Reorganization may be a proper way to proceed, but I don't want to have these things moved around with the idea that in the moving them around there will suddenly appear solutions to problems that are with us and have been with us a long time and will be with us a long time to come.

The ERDA conception is an intermediate conception to the development of a department of energy and natural resources. I think it should be regarded as such because the only organizational change that I see that really will have an impact on the management of our industry is the development of the Department of Natural Resources in which the decisionmaking process can be speeded up.

Mr. McDADE. Mr. Secretary, I thank you. I think it is helpful. Not surprisingly, I guess my viewpoint echoes the viewpoint that you have just enunciated and I have great reservations about fragmenting out of your department some of these important research activities that have been ongoing for some time and just by a simple act of "reorganization" making it appear as though something has been done positively when in fact it might be a negative action.

Secretary MORTON. That is true.

The other point is that I don't think we are doing a good enough job. I think one of our problems is the fact that the Office of Coal Research and the Bureau of Mines are two separate entities and have all the inbuilt bureaucratic competitive characteristics that Government agencies develop when they become autonomous and when they become separated one from another.

This concerns me. I would hope that some day, if it is possible, we would get a lot more out of the mission than we are now getting out of those two agencies. They have to be brought together in a much closer association.

Mr. McDADE. You have taken steps, haven't you, now to try to reorganize and restructure the Office of Coal Research?

Secretary MORTON. Yes; we have and we are searching too for a top flight director of that office and we have increased the high level accountability a great deal. Our present acting director is doing a good job.

Mr. McDADE. Thank you very much, Madam Chairman.

Thank you, Mr. Secretary.

Secretary MORTON. We are accelerating our efforts in every one of these activities—both through administrative actions and the budget proposals before you. In terms of administrative actions we have just recently launched our geothermal and prototype oil shale leasing programs. We have issued a permit for the trans-Alaska pipeline.

The current estimate is that it will be finished by mid-1977. We have accelerated our Outer Continental Shelf oil and gas leasing program and will be further accelerating it next year. We are revamping our coal leasing program and have been strengthening our energy lease management programs.

Mr. EVANS. Madam Chairman, may I ask a question.

Mrs. HANSEN. Surely.

### INCREASED LEASING

Mr. EVANS. Mr. Secretary, my question is going to be in response to what I think is a Presidential request to increase your leasing tenfold.

Secretary MORTON. Tenfold from the million-acre level. It would be threefold from the position where we are today.

Mr. EVANS. It is my understanding that right now you are so shorthanded in terms of skilled personnel it is hard to put up your leases and monitor the leasing. What is reflected in your budget request to acquire the additional talent you are going to have to have if you are going to have a good, responsible leasing program, both in oil leasing and in additional coal leases?

Secretary MORTON. We are increasing the money by a factor of $10 million, which I think is very adequate. It happens that Secretary Horton is here and the Bureau of Land Management has a key responsibility in this and reports to him, so I think that he could give you some assurance at this point as to our capability of broadening our leasing program.

Mr. HORTON. Mr. Secretary, Madam Chairman, as you well appreciate, the OCS leasing program is divided jointly between the U.S. Geological Survey in terms of their technical competence and their analytical skills on the leases and the BLM, which has managerial skill as far as actually conducting the lease sales.

Our budget does reflect an increased amount for the BLM. Mr. Secretary, I am not certain for the Geological Survey.

Secretary MORTON. The other thing, too, Mr. Evans, is that we may have to come here again with a supplemental in this area if we find it is necessary. In leasing more land, having sales more frequently, you are not coming up with any new sort of an approach that requires a greater departmentalization of the effort.

I don't think that getting the job done as far as leasing is concerned is the critical thing. I think getting the industry to be able to utilize additional public lands effectively is a much more difficult problem and I think we have to work very closely with the industry.

Mr. EVANS. Of course, Mr. Secretary, isn't this based on an assumption that we, the Government, the landlord, knows what has to be leased?

Secretary MORTON. Well, there would still be some dry holes drilled. I don't think there is any question about that. We are learning more. In the new program, instead of just buying the technology we are going to force the geological and geophysical information into Government hands, protecting certain confidential aspects and proprietary aspects of it. But concurrent with the leasing program we have to get a great deal more information than we have in the past and in a much more timely fashion.

### CHANGES IN LEASING POLICY

Mr. **Evans**. As you go into this increased activity what, if any, changes in policy will there be in regard to the manner of letting the leases, the bidding? Many people are very concerned about your majors being larger and stronger, being able to get an arm on it or go in with joint ventures and make it almost impossible for the smaller people to get in there.

Secretary **Morton**. We are going to change the policy to prevent that cartelism. We are working on the proposition now of just exactly how far to go and under what kind of guidelines to change the policy of bidding by associations of major companies.

In other words, we are considering now the actual forbidding of majors bidding jointly, and other considerations, both as to the front-end money, the royalty, and all the rest because I do think the whole thing needs overhauling just because of what you are saying.

Mr. **Evans**. What kind of timeframe do you have in mind for the issuance of regulations on your leasing procedures?

Secretary **Morton**. I think in the very immediate future.

Mr. **Whitaker**. I would say about 3 months, Mr. Evans.

Mr. **Yates**. Three months for what?

Mr. **Whitaker**. To propose new rulemaking, for possible changes in sales procedure, but still consonant with the present laws under which we operate.

Mr. **Yates**. Will you yield?

Mr. **Evans**. Yes.

Mr. **Yates**. Does that mean you will not be selling lease rights for the next 3 months?

Mr. **Whitaker**. No.

Secretary **Morton**. No; we have a March sale.

Mr. **Yates**. Why would you go ahead until you know where you are going or what the provisions of the leases should be?

Secretary **Morton**. Well, these nominations made for this particular sale were made under the understanding of the guidelines and the rules that we are now operating under.

We think some modifications are in order, but the recent sales have been very favorable as far as values of public lands.

Mr. **Evans**. Mr. Secretary, this will be true in relation to both your oil leasing and your coal leasing, or just the oil?

### COAL LEASING

Secretary **Morton**. We have been studying this coal leasing proposition for quite some time and there are many aspects of it that are quite complicated. But here again we have had a difficult time in the Congress, both in terms of the Leasing Act of 1920 and the old mining law in terms of getting the authority changed. Coal leasing and other mineral leasing on public lands of course is fairly well restricted by the terms of those laws.

I wish we could have a little better luck in this. We sent a leasing bill up and an amendment to the Mining Act up I think in 1970, and we have been constantly working on it, but we haven't gotten very far with it.

Mr. EVANS. Thank you.

### ARTICLE ON LEASING PUBLIC LAND

Mrs. HANSEN. Mr. Secretary, yesterday in the Washington Post there was an article in the business section on leasing Federal land, and I will read this one paragraph because I think this is the heart of it.

> The present leasing procedure is basically an auction in which potential developers submit cash bids for the right to explore and develop limited tracts. Developers pay hundreds of millions of dollars for this privilege without assurance of adequate return or, possibly, any at all. In addition to meeting high initial lease expense, they must finance deep-water drilling rigs which may cost up to $50 million or more each, plus large capital outlays for operating expenses.
>
> This arrangement generates a high front-end financial load for what is a high-risk operation. Obviously, to survive, developers confine bids to tracts where success is most likely. Less attractive areas may not be explored owing to the great financial hazard . . .

Can you comment on what the change in the policy could mean on both sides of the ledger? I mean what is right with it and what is wrong with it?

Secretary MORTON. I think really it is a little premature because I don't think we have a handle on it. We are looking at a good many different approaches and I think to comment would be like trying to preempt an environmental impact statement and we would probably have to have an environmental impact statement——

Mrs. HANSEN. In other words, you are exploring at the present time the results of what could happen if you changed the policy?

Secretary MORTON. This is right. One of the things that is being brought up all the time is the fact that the royalty is too low and that the front end money is too high. One of the things about royalty is if you put a high royalty on this oil you are not going to get the last high cost oil out of the ground. There is that fear.

Now, what we are hoping for is that we have reached a plateau, an economic plateau, for secondary and tertiary recovery of oil that is going to really increase the amount of oil available to us in the domestic market. Under present systems of extracting oil you only get about one-third of it. Maybe you get 40 but there is still 60 percent left in the ground and that is a tremendous amount of oil when you add it all up. We don't want to do anything to delay or to discourage much more efficient extraction, and the royalty is part of that. So the thing is so complex and is so difficult that I would hate like the devil to try and say we are going in this direction. It would be really pushing the decision before everybody has had an opportunity to work on it.

The Department is working very hard on this whole area.

Mrs. HANSEN. That is why I wanted to ask the question because I think it looks easier than it is.

Secretary MORTON. Oh, yes.

Mr. YATES. May I ask a question?

Mrs. HANSEN. Yes.

CRUDE OIL PRICES

Mr. YATES. Touching on this last point, the table that you have given the committee on the production and average net crude oil prices shows that there has been a change in the amount per barrel over a period of 3 years, from $2.90 up to $4.20 in the case of onshore land; in the case of OCS lands from $3.31 to $4.53.

Secretary MORTON. You are talking about the price of oil?

Mr. YATES. Yes.

I wondered about why if these changes in price are permitted you are concerned about the royalty factor and not being able to get the impetus toward extracting the full amount of oil from the ground. In other words, if an increase in the price of oil is permitted, presumably that will induce the companies to undertake the extra expense necessary to engage in the more expensive extraction.

Secretary MORTON. Let us assume the royalty was 30 percent, just as a hypothesis. Thirty percent of all the dollars or 30 percent of all the oil, either way you want to do it, goes to the Federal Government. The expense of production goes up considerably as you go into secondary recovery and the more difficult aspects of that.

You then get the cost of getting out of the ground plus what you have to give away so high that it is not feasible. We don't want to run into that situation.

Mr. YATES. Let us turn to other countries where the same problem is presented. Let us look at the Middle East where you have the companies bidding against each other for the right to develop certain areas and then paying a very healthy price on whatever oil is recovered, which is in the nature of a royalty, isn't it?

Secretary MORTON. Yes.

Mr. YATES. If the oil companies are willing to do it in the other country why are they not willing to do it in this country?

Secretary MORTON. We have no expression from the oil companies that they are not willing to do it. I think a good many oil companies perhaps would rather go a royalty route rather than a front-end bonus bidding route.

The point is that we don't want to set up anything that prevents secondary and tertiary recovery technology from being developed, knowing that it is going to be a very expensive thing. There has been no secondary recovery in the Middle East and we want to make sure that if we are going to open the public land up for oil, oil shale, or coal, that that extraction process is going to be an efficient one, way over and above what we have done in the past.

I don't think we can afford just taking the cream off the bottle as we have done during the last 20 to 30 years.

Mrs. HANSEN. If you take the cream off the top, Mr. Secretary, in your off-shore leases you never will get back on track for the recovery of the secondary and tertiary, will you? Who is going to provide a major investment on something that is going to cost twice as much as something else on the market? Isn't that correct?

Secretary MORTON. There isn't that much of something else on the market. Let us assume for the minute that oil is at $7 a barrel and let us stay on a plateau. You can do an awful lot of things on $7 a barrel that you can't do at $1.50 or $3 and $4. The question is, with a big royalty now, are we setting up the economic incentives to only go after the cream, and this has to be resolved. I am not prepared to say yes or no, but I am saying this is one of the complicating factors among many complicating factors that are involved.

### STIPULATIONS IN LEASES

Mrs. **Hansen**. Do the stipulations go into your leases?

Secretary **Morton**. We are moving toward diligent requirements. In other words, we don't think anybody should just speculate on leases by bidding a lease in and not doing anything about it—just sitting on it for a long period of time.

In our oil shale lease, for example, we have a specific timetable that certain things have to be done by that specific time or the lease comes back to the Federal Government, which protects the people from any kind of specific legislative activity.

The same thing goes for what we are trying to do offshore. We are trying to compress the time—a diligence requirement. I think we should do that and as geological information becomes more generally available and as we perfect the geophysical analysis of our inventory, then we are able to move with more certainty than we have been in the past.

Mrs. **Hansen**. Any other questions?

Mr. **Yates**. I just wanted to follow this up if I may.

Going back to the Middle East again, it is generally thought among the oil experts as I understand it, that the cost of production is about 25 cents a barrel.

Secretary **Morton**. It depends entirely on what the capital investment is.

Mr. **Yates**. I am talking about production cost.

Secretary **Morton**. If you have a billion dollars invested in production facilities and you capitalize that, use a discount rate, say of 6 percent, you would have to divide the number of barrels of oil that you got to get the cost of production. I think that drawing a comparison between the Middle East and our problem on the Outer Continental Shelf and the problem we have across the board in becoming more independent could be very, very difficult.

Mr. **Yates**. Let us talk about the North Sea. The North Sea offers a comparable case, doesn't it?

Secretary **Morton**. I don't know. I have never studied the economics of the North Sea.

Mr. **Yates**. I haven't either frankly but I would guess that it is more comparable than the Middle East because you are going to have to drill under water with the same problems that you have in the gulf, perhaps even greater problems than you have in the gulf, because you are right in the open sea there and presumably the gulf is a little more sheltered.

Secretary **Morton**. I think they have problems, too, in the Gulf of Mexico.

Mr. **Yates**. Do you happen to know the arrangements that are being made by the Government of Britain for this?

Secretary **Morton**. We have them all. We could get you a pretty good——

Mrs. **Hansen**. What is theirs?

Secretary Morton. They have a Government participation arrangement, but I don't know how they relate a return on investment to that. I am not qualified to answer that.

Mrs. Hansen. Is the Government participating in the drilling itself, the exploration, or what?

Secretary Morton. Some arrangements of that nature and I am not sure just what they are.

Mr. Yates. I think it would be very important to know what that is really because we are going into the same kind of work here, aren't we?

Secretary Morton. I think one of the things is that people have been hypocritical of something that has worked very well. We have produced a tremendous lot of oil and we haven't——

Mrs. Hansen. Do you want to place in the record at this point the amount of oil produced in the gulf and in the California offshore lands?

Mr. Yates. I have it here for the last 3 years.

Mrs. Hansen. We will insert the information in the record.

Secretary Morton. I think we could also get you probably a pretty good discourse on how this is done on other areas of the world.

Mrs. Hansen. Would you place that in the record for us at this point also.

Secretary Morton. It is going to be a voluminous thing.

Mrs. Hansen. Please provide a summary.

[The information follows:]

### OIL PRODUCTION ON THE OUTER CONTINENTAL SHELF

| Location and period: | *Barrels* |
|---|---|
| Gulf of Mexico, calendar year 1953–73 | 3, 143, 203, 449 |
| California, calendar year 1968–73 | 109, 569, 436 |

### BRITISH SYSTEM OF OUTER CONTINENTAL SHELF LEASING

*First phase*

Involves the issuance of a 3-year nonexclusive exploration license. These are similar to our geophysical permits in that they do not include the right to drill for or produce petroleum.

*Second phase*

Involves the issuance of a production license (our lease equivalent) which grants exclusive rights to drill for and produce petroleum within a specified area or areas. The license may include one or more blocks. Licenses are awarded by the Minister of Power through negotiation following these criteria:

(1) The need to encourage the most rapid and thorough exploration and economic exploitation;

(2) Applicant must be incorporated in the United Kingdom, and the profits of the operations shall be taxable there;

(3) If the applicant is a foreign owned company, that country's treatment of British oil companies is considered;

(4) Examination of the work program of the applicant and the ability and resources of the applicant to implement the program;

(5) A review of the contribution the applicant has already made or is making toward the development of Outer Continental Shelf resources and the British fuel economy generally.

*Covenants*

(1) Production license block is 250 square kilometers (98 square miles).

(2) Term of lease is 3 years for exploration; 6 years for production; renewable for 40 years.

(3) Bonus is £1,000 a year for exploration.

(4) Rental is based on a production license issued at the rate of £25/km$^2$ for the first 6 years, £40/km$^2$ for the 7th year, and increasing £25/year thereafter to a maximum of £290/km$^2$/year applied against royalties.

(5) Royalty is one-eighth or 12½ percent.

(6) Income tax averages about 31.4 percent—Great Britain collects a rather modest royalty, deriving most of its income through taxation, whereas the United States collects most of its money immediately as a bonus.

(7) Exploration programs are negotiated.

In 1971, an amendment to the British petroleum regulation provided for competitive bidding; and in August 1971, 15 of 436 blocks were offered for competitive bidding. The remaining 421 blocks were offered under their usual "work program" system with some increases in the periodic payments. The Government reserved £37 million as high bids from the £135 million bid by 73 companies. We are told that although the Minister of Power was pleased with the sale results, there was criticism concerning the fact that smaller companies with excellent credentials were outbid by the larger companies. The competitive system has not been used again.

### LEASING SYSTEMS OF OTHER COUNTRIES

Most countries use a negotiated concession system and sometimes a combination of negotiation and competitive leasing. Most of the Middle Eastern countries require some form of government participation, generally without risk to the government, which does not invest in the property until production is proven, and then purchases its interests with revenues accruing to it in the form of royalties, rentals, and taxes. The Venezuelan system is unique in that it involves a competitive services contract. Virtually all countries except the United States have a relinquishment requirement for nonproductive acreage. The term of the U.S. lease is shorter than that of most other nations, and therefore a relinquishment is not needed.

An example of a typical Middle Eastern government lease system is that of Abu Dhabi, as follows:

(1) Issued by negotiation.

(2) Size of lease varies.

(3) Relinquishment requirement of 25 percent within 5 years, 25 percent in the next 3 years, and 25 percent in the next 2 years.

(4) Term of lease in time is variable.

(5) Bonus is $1 million within 60 days of lease and $2 million within 60 days of a discovery.

(6) Royalty is one-eighth or 12½ percent.

(7) No rental.

(8) Income tax of 50 percent.

(9) Exploration commitment of $13 million in first 8 years.

(10) Government participation was 50 percent and changing rapidly at the government discretion.

### AMOUNT OF ROYALTIES OIL COMPANIES ARE WILLING TO PAY

Mr. YATES. You don't know at this time, as I understand it, know what the amount of royalties an oil company would be willing to pay for the opportunity to drill at the Outer Continental Shelf?

Secretary MORTON. I think we probably do. We know they are willing to pay the royalty that they are paying now.

Mr. YATES. That is some 16⅔ percent, isn't it?

Secretary MORTON. Well, the bonus bid plus the royalty—and the royalty is 16⅔ percent. That is correct.

Mr. YATES. How do your independents fare in this sort of an arrangement? Aren't they really strapped in their ability to come up with sufficient funds to compete with the majors? They just don't have the money to do it, do they?

Secretary MORTON. I talked with Mr. Hamilton not too long ago, with Hamilton Oil Co., and I talked with George Mitchell. I have talked with a good many independents, and we are concerned that the independents perhaps haven't acquired as much of the Outer Continental Shelf as we would think they would want to acquire.

They can form coalitions and consortiums and consolidations just as well as anyone else can. One of the things that they have suggested is that we draw some tracts out of the hat and——

Mrs. HANSEN. Like a small business set-aside.

Secretary MORTON [continuing]. And make it a set-aside. Let us assume that the top tract just happens to fall out of the hat, the dome, and we let the independents bid. And let us assume that one of the majors would have bid $250 million for it, and let us say the independent bid $30 million for it and the independent got it for $30 million because it was a set-aside.

Where is the Teapot Dome? It looks to me like you have to be awfully careful that the people's resources aren't given away a little too cheaply.

Mr. YATES. Yes; that is what concerns me in connection with the amount of royalties, just as it concerns you.

Secretary MORTON. Yes; and that is why I think the whole thing needs overhauling, and that is what we are attempting to do. This meeting is a little early to discuss that.

Mr. YATES. Going back to Mr. Evans' point, you indicated you won't know the answers to these for another 3 months. I wonder why then you are still going ahead with your leasing if you don't know what you are going to do.

### NOMINATIONS OF TRACTS

Secretary MORTON. These are nominations that have already been made and we are dealing with a very small portion of the whole.

Mr. EVANS. I wonder if the word could be cleared up for my benefit. What is a nomination, Mr. Secretary?

Secretary MORTON. We get information from the people who have done the geophysical work and geological work and the oil companies nominate these tracts as being places they would like to see sold.

Mr. EVANS. Who does the nominating?

Secretary MORTON. I guess the oil companies do.

Mr. WHITAKER. The oil companies. In other words, we put out a general, say, sedimentary basin that might be a good prospect. Then the oil companies come in and indicate what their preference is for which particular tract. That information is kept by us, highly confidential. We use that information to check Government information and information we have so that we can on our side of the table check the public good, give an impression of what the value is.

Mrs. HANSEN. Mr. Whitaker, how much total knowledge does the Geological Survey have on the lands which are being leased by the Government?

Mr. WHITAKER. I don't think, Madam Chairman, we will ever be able to answer that question. We think additional knowledge is needed. We have put additional money, for example, in the offshore Florida sale for geophysical and geological information and, in addition, environmental information.

There is, I believe, if I am not mistaken, something in the order of $9.7 million for an environmental base study in the Florida sale and other origin areas.

Secretary MORTON. I might add, Madam Chairman, that the geological science is a long way from being perfected. Otherwise you wouldn't have the ratio of dry holes to producing wells anywhere near what it is.

Mr. McDADE. What is that ratio?

Mr. WHITAKER. Onshore wildcat is about 1 out of 9.

Mr. McDADE. OCS?

Secretary MORTON. I believe 1 out of 5.

Mr. WHITAKER. Better and the reason it is better is because they only concentrate on the larger structures that they can find, not the tracts where it is a pretty wild card.

Mr. McDADE. For purposes again of refreshing my recollection, what was the date of the Santa Barbara disaster? What was that date?

Secretary MORTON. 1970, wasn't it?

Mr. WHITAKER. February 1969.

Mr. McDADE. Put it in the record if you want to.

[The information follows:]

### SANTA BARBARA OILSPILL

The accident occurred on January 28, 1969, and was brought under control on February 7, 1969.

Mr. WHITAKER. It was 3 days after Secretary Hickel was sworn in. I remember that.

Mr. McDADE. Since that time I know the Department has changed its regulations with respect to offshore completely and there are much more stringent technical requirements on anybody who would drill.

### RECORD ON OILSPILLS

What has the record been since then? Have we had any spills?

Secretary MORTON. It has been remarkably good. It always has been remarkably good when you measure the amount of spill compared to what has been extracted. We have had a couple of bad fires, as you know.

Mr. McDADE. In the Gulf, aren't they?

Secretary MORTON. Yes.

Mr. McDADE. What is the record on spills since you changed the regulations?

Secretary MORTON. I would have to——

Mr. McDADE. Would you put it in the record?

Secretary MORTON. Yes.

[The information follows:]

MAJOR OIL SPILL INCIDENTS, OUTER CONTINENTAL SHELF

| Calendar year | Incidents | Oil spilled (barrels) | Number of fixed structures | Annual Outer Continental Shelf production (million barrels) |
|---|---|---|---|---|
| 1969 | 6 | 30, 024 | 1, 675 | 313 |
| 1970 | 3 | 83, 895 | 1, 800 | 361 |
| 1971 | 1 | 450 | 1, 891 | 419 |
| 1972 | 0 | None | 1, 935 | 407 |
| 1973 | 4 | 22, 175 | 2, 001 | 346 |

Secretary **Morton**. Nearly all the spills, Joe, really are spills from ships and installations where somebody left a valve open and that kind of thing, or a ship has been damaged. The amount of oil that has actually gotten in the water from a breakdown of the well in the tower structure and so on has been very, very limited.

Of course, Santa Barbara was a bad one, no question about it.

The big fire we had in the gulf put some oil in but a remarkably small amount considering the size of the disaster.

Mr. **McDade**. The point I wanted to get to very simply, and I think this is as good a place in the record as any, is that since that happened I know you have changed the regulations and I would like to know what the spills are offshore, if any, and whether or not the Department is mighty confident that as we go into this accelerated program, which I think we have to do, that we have those regulations and those safeguards pinned down as best we can.

Secretary **Morton**. Well, the technology is moving along. The new choke valve is a much better one than used to be used—that is the valve that responds to a sudden surge of pressure. This is the thing that Dr. Pecora was very much interested in and did quite a bit of work on. We are moving in that direction.

We can give you a record of where we are going. One of the big areas that I think we have to push for is subsurface completions, and the research that is going on in several companies now indicates that we are not more than 5 or 6 years, and maybe less than that, away from a feasible subsurface completion.

This means that you will stay on the bottom and you won't have anything above the surface of the water at all in the way of a tower or things that are exposed to the rough sea.

Mr. **McDade**. I have heard about that.

Secretary **Morton**. That is a very exciting thing and all of this technology, safety technology, leads toward being able to accomplish that.

Mr. **McDade**. Thank you, Mr. Secretary.

Thank you, Julia.

Mr. **Yates**. May I continue with the questions I was asking, Madam Chairman?

Mrs. **Hansen**. Please proceed.

### AMOUNT OF ROYALTIES AND BONUSES

Mr. **Yates**. With respect to the chart that you have given the committee on the production and average net crude oil prices for the year 1970, for example, under Federal Onshore the figure 210,379,192 barrels appeared at a unit value of $2.90, whereas under Federal OCS the figure of 360 million barrels appears at a unit price of $3.31.

Would the Department have a breakdown of the amount of money received under those leases?

Secretary **Morton**. You mean the front-end money and the bonus?

Mr. YATES. Yes.

The bonus, I take it, is the royalty, isn't it?

Secretary MORTON. The bonus is what you bid for the lease.

Mr. YATES. When you say front-end money that is the bonus?

Secretary MORTON. Yes.

Mr. YATES. Then the front-end money plus the royalty?

Secretary MORTON. Undoubtedly we can give you a record of that.

Mr. WHITAKER. For all OCS sales?

Mr. YATES. I want it for both onshore and OCS.

Secretary MORTON. Onshore on public lands?

Mr. YATES. Yes. The reason I am asking that question is here a few months ago a group of companies came in to bid $1.3 billion for the privilege of trying to extract oil from some acreage under the sea, on the shelf. I wondered how profitable to the companies previous leases have been.

Secretary MORTON. It is very difficult to do that on an average basis because some companies have been successful and had good luck. Some companies have not had good luck on the Outer Continental Shelf. Their ratio of dry holes is high and they haven't done nearly as well as some other companies. In one total conglomerate I would say offhand that the oil companies probably have lost money on the OCS.

Mr. YATES. And they still bid $1.3 billion for the privilege of losing money?

Secretary MORTON. No, because the price is getting right as you see here and the opportunities that they had of making all this money abroad have been curtailed a great deal. The profitability of the Middle East, which may accrue to our advantage, has declined considerably and the oil companies now are coming home. They all went overseas in the sixties and they are beginning to come home. They are recasting their future. But I would venture to say that probably as far as return on investment I doubt if the oil companies have made as high a return on investment as it costs them to borrow money.

Incidentally, the OCS royalty is 16⅔ percent.

Mr. YATES. So it raised 12.5 then.

Mr. WHITAKER. It never was 12.5.

Mr. YATES. Was it 12.5 for onshore and you went to 16⅔ for offshore?

Mr. WHITAKER. Yes.

Secretary MORTON. We have received about $11.2 billion for offshore leases.

Mr. YATES. Since what time or for what years?

Secretary MORTON. Since 1954.

Mr. YATES. Can we have a breakdown on a year-by-year basis of the number of leases?

Secretary MORTON. Yes, we can give you that.

[The information follows:]

OCS Lease Data by Calendar Year

| Year | Type of Sale | No. of Sales | No. of Leases | Thousands of Acres Leased |
|---|---|---|---|---|
| 1954 | O&G | 2 | 109 | 461.9 |
| | Sulfur | 1 | 5 | 25.0 |
| 1955 | O&G | 2 | 121 | 402.5 |
| 1959 | O&G | 2 | 42 | 171.3 |
| 1960 | O&G | 2 | 147 | 704.5 |
| | Salt | 1 | 1 | 2.5 |
| 1961 | [Phosphate | 1 | 6 | 30.2] |
| | Subsequently cancelled - bid refunded | | | |
| 1962 | O&G | 3 | 420 | 1,924.5 |
| 1963 | O&G | 1 | 57 | 312.9 |
| 1964 | O&G | 3 | 124 | 613.5 |
| 1965 | Sulfur | 1 | 50 | 72.0 |
| 1966 | O&G | 3 | 42 | 141.8 |
| 1967 | O&G | 1 | 158 | 744.5 |
| | Salt | 1 | 1 | 2.5 |
| 1968 | O&G | 3 | 197 | 934.2 |
| 1969 | O&G | 2 | 36 | 108.7 |
| | Sulfur | 1 | 4 | 5.6 |
| 1970 | O&G | 2 | 137 | 596.0 |
| 1971 | O&G | 1 | 11 | 37.2 |
| 1972 | O&G | 2 | 178 | 826.2 |
| 1973 | O&G | 3 | 187 | 1,032.6 |
| | Total | 37 | 2,027 | 9,119.9 |

Mr. YATES. As I remember your testimony before this committee the other day, you said that after a lease is given to a company it usually takes about 5 years for the oil to come to market. Is that correct?

Mrs. HANSEN. Doesn't that depend on what kind of terrain you are in, Mr. Whitaker?

Secretary MORTON. May I, Madam Chairman, get this figure in the record along with my other figure.

[The information follows:]

### OUTER CONTINENTAL SHELF OIL AND GAS DEVELOPMENT

The approximate timelag between the issuance of an offshore oil and gas lease and initial development of the resource amounts to 3 to 5 years. Before full production occurs, the timelag usually runs 7 to 8 years.

These time periods allow for exploratory drilling and assessments, design, and construction of platforms as well as connecting pipelines to onshore terminals, drilling of a producing well and full development of the geologic structure. The actual amount of time depends on a number of variables including the availability of skilled manpower and equipment, whether the lease is a drainage tract or in a new producing area, the proximity of the lease to existing pipeline networks and the demands on onshore storage and distribution facilities.

Secretary MORTON. Studies show, and this is the U.S. return at the end of the leases, that the Government gets 66 percent of the total revenues. That is with the front-end money and the royalty. If you look at the total revenues that have been gotten by the time of the end of the lease we get 66 percent of them. We have gotten $11.2 billion and the companies have gotten $8.5 billion out of the offshore.

Mr. YATES. Since 1954?

Secretary MORTON. Yes, that is correct.

Mr. YATES. My next question was, does it take 5 years from the time the lease is approved until the oil is brought to market?

Secretary MORTON. That is what it has been taking. When you consider all of the necessary additional geological work that the companies want to do and the time it takes to drill the exploratory wells and then to hook up the shore facilities so that you can actually transport the oil that is discovered, this has been about par for the course.

We may be able to compress that now with technology a little bit, but that seems to be about par.

### TIMETABLE FOR ENVIRONMENTAL IMPACT STUDIES

Mrs. HANSEN. What is the timetable for environmental impact studies?

Secretary MORTON. You mean between the time we start working on one of them until we get it finished?

Mrs. HANSEN. Yes.

Secretary MORTON. On one of these leases about a year. If at some point in time we begin to have much greater knowledge of the oceans biota this may take a little less time I think, however, the investigations have to be really conducted in order to come up with any kind of meaningful appraisal of what the impact is. You just don't get that information quickly and you have certain times of the year you can't get it.

**Mr. Yates.** Mr. Secretary, if it takes 5 years roughly to bring the oil in, why can't you wait 3 months until your regulations and your leases are perfected?

**Secretary Morton.** We are not that imperfect. I think what you are saying is declare a moratorium similar to what we have done on coal.

**Mr. Yates.** As I understood your previous testimony you were going through a great deal of soul searching and a great deal of calculating and a great deal of estimating as to what the lease policy should be.

**Secretary Morton.** Well, how it should be modified, and we may modify it again.

**Mr. Yates.** But you are going into a very serious question as to whether you are going to continue with this large payment for front money or whether you are going to shift it over to the payment of royalties, and you are doing a lot of calculating at the present time to reach that conclusion, aren't you?

**Secretary Morton.** That is right, and we may, at the end of that calculation—I mean we are not doing badly. If we are getting out of a lease today a ratio of one and a half times to one over what the oil companies are getting out of it, we are in no disastrous situation. Because of the leadtime and the impact statement and all of that we have built this study in to roll right along so that we will begin to modify this.

I think at this point in time it would not be in the interest of developing the rigs and developing the backup material and everything else to declare a moratorium on offshore drilling, because we need more rigs and we need more backup systems, and to stop it will just stop all that in its tracks, and I think that would be a mistake.

### RATIO FOR FOREIGN GOVERNMENTS ON ROYALTIES

**Mr. Yates.** When you talk about the 1½-to-1 ratio, what is the ratio between what the countries receive in the Middle East and what the oil companies receive, and what is the ratio between what the Government of Britain is to receive and what the oil companies receive?

**Secretary Morton.** Of course, as of now the governments in the Middle East receive it all. They have nationalized the oil companies.

**Mr. Yates.** No; I am talking about Aramco, for example. They haven't internationalized Aramco.

**Secretary Morton.** Not yet.

**Mr. Yates.** The price is at least $7 a barrel. The companies get a great deal more than the oil companies here.

**Secretary Morton.** Yes, that is where the oil companies have made their profit.

**Mr. Yates.** At any rate, I think these should certainly be taken into consideration, and if it does take 5 years and you have a major decision coming along I would have thought it would be the best part of discretion to wait.

**Mrs. Hansen.** Mr. Secretary, don't you make a constant review of these problems, as technology is developed, as more knowledge on your secondary and your tertiary recovery is developed, and on the results of impact studies?

Secretary MORTON. We are at the very infancy of this whole business. We are only extracting about a million and a half barrels a day from the Outer Continental Shelf, and you are right. I think the best thing to do is to not set a moratorium, but let us see over a period of time if we can perfect this so that it accomplishes our goals.

One is a much higher yield from a given oil resource. Another is a greater economic incentive that goes across the board and doesn't concentrate just on the majors. Hopefully another very important factor is that we get a lot more oil, and I think we are moving in the right direction.

We have only sold just a tiny percent of the total area.

### PERCENT OF OFFSHORE LANDS LEASED .

Mrs. HANSEN. What percent of your total offshore lands have been leased?

Secretary MORTON. Less than 1 percent.

Mrs. HANSEN. What is the total acreage of the OCS?

Mr. WHITAKER. It is 1.1 billion acres roughly, out to the 2,500 meter isobath.

Mr. YATES. What is the total percent of the OCS?

Mr. WHITAKER. That includes the rest of the gulf, all of Alaska, and virtually all from Nova Scotia to Florida.

Mr. YATES. But, Mr. Secretary, these are firm leases that you are signing. In other words, you cannot do what the Middle East countries have done— that is, expropriate the leases later on.

Once you make a lease with a company it is a fixed contract and you are bound by it, isn't that true?

Secretary MORTON. We get it back if it isn't productive and they don't do anything on it.

### ELK HILLS

Mr. YATES. May I ask you about the oil underground next to Elk Hills and next to NPR-4? Are you giving leases for that? What is the situation?

Secretary MORTON. No, no.

Mr. YATES. Have you given leases for that? I thought you had buffer areas around the defense areas.

Secretary MORTON. Around Elk Hills?

Mr. YATES. Yes.

Secretary MORTON. I do not think we do. I do not think Elk Hills is surrounded by Federal lands.

Mr. WHITAKER. There is a buffer area of patchwork of some Federal lands around it.

Mr. YATES. I read from an article by Elliott Marshall appearing in the New Republic of February 23:

> Because oilfields are so sensitive to what happens around them, the Interior Department established 1 mile buffer zones around all the naval reserves in 1938. The Bureau of Land Management was told not to lease any land in the zones to oil and gas prospectors, and the Geological Survey was told not to permit any drilling within 200 feet of a reserve. But the new law did not stop prospectors from nibbling away at the edges. Leases and drilling permits were let in the buffer zones just the same, at least five of doubtful authority in Elk Hills and two in Teapot Dome. The Interior Department did not warn the Navy which was quite surprised in 1962 when oil prospectors began sinking wells in the buffer zone of Elk Hills.

> The Director of the Petroleum Office wired the Interior Department in January 1963 to find out what had happened and order a halt. The explanation he got was foggy. The Bureau claimed that the Navy had given the blanket authority to offer leases within the buffer zone in a letter written in 1955.

What I am trying to do is get information. Are there buffer zones around these establishments and does Interior have any control over the lands surrounding the defense reserves?

### PETROLEUM RESERVE NO. 4

Secretary MORTON. We have very definite control around petroleum reserve No. 4.

I think there is some question as to the control we have in the non-Federal lands around Elk Hills. This is probably the seat of the trouble.

There is another aspect of this thing. That is that all of the drainage, what drainage sales have been from Elk Hills, has been engineered as I understand it, so as to prevent that oil from draining out of the resource.

There has been constantly marketed a small amount of oil which is called drainage oil from the Elk Hills. I am not a geologist. Maybe John knows exactly the reason why those are made. I think it is to prevent the oil from running out of the reservation. As far as the actual control over the lands, the legal question there, I cannot answer that—why in 1962 some of those buffer zone wells were invaded.

Mr. McDADE. Would you yield?

Mr. YATES. Yes, I will.

What is the situation today? Is there drilling around NPR-4?

Secretary MORTON. Going on?

Mr. YATES. Around NPR-.

Secretary MORTON. In the Arctic?

Mr. YATES. Yes.

Secretary MORTON. No, I think the buffer zone there is intact.

Mr. YATES. Is intact?

Secretary MORTON. Is intact.

Mr. YATES. Okay. Whatever impact is being made is being made——

Secretary MORTON. We do not know where the oil is in NPR-4. There are only a few discovery wells drilled on it.

Mr. YATES. Is there not a question of the leases given by the State there too?

Secretary MORTON. All those lands where the Prudhoe Bay area is are State lands. I believe the buffer zone was protected in the selection of those lands, but I will have to check that. It was not? I asked that question.

Mr. WHITAKER. Maybe I can clear that up a bit or confuse it a bit.

There is a legal argument going on between the Department of Interior and Navy as to the original boundary of Naval Petroleum 4, particularly the eastern round along the Coleville River. The argument is rather esoteric. I could not repeat it. It is so esoteric, it will be referred by Navy and will be referred in a few days by us to the Department of Justice to settle the thing so we can stop fighting about it.

Therefore, the argument starts to get into where the buffer zone is. You have to decide where the line is, then the buffer zone. The State is also in it.

**Mrs. Hansen.** I do not know how you decide where the lines are in Alaska, considering the state of their cadastral surveys.

**Secretary Morton.** The other point is, we do not know where the oil is in petroleum No. 4. It is as big as a good many States.

**Mr. McDade.** As big as Indiana.

**Secretary Morton.** It may have a built-in buffer zone, because the Navy normally, when they set that up, was not bound by any restrictive forces.

**Mr. McDade.** I want to make a couple of points. I believe my memory is correct with respect to Elk Hills, the Department is engaged in a lawsuit against the majors to make sure there is no drainage of it.

Secondly, the Administration recommended that Elk Hills be put into production, which would certainly ameliorate the question of where there is drainage.

**Secretary Morton.** But so far, the Armed Services Committee has refused to give legislative authority to do it, even though we put the money in the supplemental appropriation bill to bring it onstream and to concur with the recommendation that we do get it into production.

**Mr. McKay.** Madam Chairman?

**Mrs. Hansen.** Mr. McKay.

### ADJUSTMENT ON ROYALTIES

**Mr. McKay.** Mine is more of a comment. Maybe you have already answered this before I arrived, but you are making adjustment on the royalty proposition, at least a review of whether you let the Federal lands go by royalty or by front end money or so on.

Do you see some advantage for the smaller companies to go on an adjustable royalty basis? Have you talked about this?

If you went that way, would you need a change in law or could you do that by regulation?

**Secretary Morton.** I do not know whether you would need a change in law or not. But if you are asking me whether we should have a two-tier pricing system and that is what you are saying—one for the majors and one for the smaller companies—then you run headlong into the question that the people may not be getting the full value for the source.

**Mr. McKay.** I am not sure you ought to have a two-tier. I am exploring it with you. I do not have an absolute on this. I see some advantage, particularly to smaller outfits where they do not have to be in the big front end situation. It may be that it could work the same for the majors; I do not know.

**Secretary Morton.** On the oil shale bidding, we worked out an arrangement where some of the development money actually is credited against their bonus payments. The bonus payments were divided into five equal parts. In the last two payments, if development had gone on and investment made in development, there would be a reduction as an incentive to get this done.

Now when you get to that point and you know you are going to go into operation, why the thing becomes very bankable and the small company is able to do it. It is the early-on question that you have as to whether you want the independents or the majors.

These independents are not a "Ma and Pa" operation like a grocery store. I look at Hamilton Oil with their resources of well over a billion dollars and George Mitchell's organization, which was recently written up in Fortune magazine.

Mr. McKay. I see some value in making an adjustable royalty, because the value, as you know, oil is moving up to $7 a barrel. It is a fluctuation.

Secretary Morton. We take a percent of the oil. So we are protected as far as price is concerned.

I will tell you one thing I am interested in doing; that is, running the royalty down as you go into secondary recovery.

Mr. McKay. Well, that is adjustable.

Secretary Morton. Downward, so that you——

Mr. McKay. Keep the incentive up to bleed it out?

Secretary Morton. I think there should be some incentive to establish the kind of incentives required for secondary recovery. You might do that through a reduction in royalty if these investments are made.

One of the things we do not want to do, is to have an economic study and a whole management system for every oil well in the country. This is something that can be, in terms of overhead, catastrophic.

Mr. McKay. I would like to see something either through the incentive process or regulation, that when a lease is let, and maybe a combination of both, to where when we get a lease that then either a combination of regulation and also incentive, that the resource not only in oil but maybe in zinc or something else, that it might be bled out of that resource, rather than let it deteriorate, and the cost of coming back with secondary and tertiary efforts just accelerates the cost to both the investor and the country as well.

Secretary Morton. That is a good point.

Mr. McKay. I am glad you are taking a look at that.

As I look in the West and I think it will probably fit the oil situation as well, dozens of mines in the West where the economic incentive faded out, so they left it. But there is gobs of ore still in a lot of those areas. But economically, to go back in now and redo that mine and start all over again is almost prohibitive, whereas maybe we should have stockpiled it. I do not know what. There is a combination of a lot of things.

I am glad to see you are taking a look at the adjustability of the royalty on an incentive basis which may bring more to us, rather than a set program.

That is all I have, Madam Chairman.

Mrs. Hansen. Mr. Secretary, you may not be the proper one to ask this of, but at the moment you are the best source.

### SHAH OF IRAN STATEMENT ON OIL IMPORTS

I am quoting a news article, "The Shah of Iran said in a television interview to be aired today that United States oil imports have not declined this winter and 'You are not short of oil.' The Shah, at one point, said Americans 'have imported more oil than any time in the past,' but he amended the statement when asked if current exports exceeded the levels of last September. 'I cannot say for sure,' he said, 'but what is certain is that you are not importing less.'

"Asked if he were suggesting there was 'some fraud involved in the current gasoline shortages, the Shah replied: 'Well, something is going on for sure.'

"You know that ships are changing their destinations two or three times in the oceans. You sell the oil for a certain destination and it ends up somewhere else. This is additional to the gossip that went around on the west coast in January, that they were sitting off our coasts with dozens of tankers loaded with oil and they were just waiting at a place to come in to unload it."

I wonder if you have any comment.

Secretary MORTON. We activated the Oil Supply Committee which deals with foreign sources of oil. That is in being under the statute and working with a setup office in New York. We have pretty good evidence that the embargo leaked some, leaked to the tune of perhaps as much as 700,000 barrels a day. I do not know whether it was. The thing that is so bad about the Shah's statement is: where is this oil? We do not have any storage facilities of any great amount. You could not store 30 days' supply of petroleum in this country under any facilities that we have, other than pump it down in the ground, back into natural oil wells, and this is not being done anywhere.

I think he just got his figures wrong. We are down, I think, about at least 1.3 million barrels a day from import levels that existed prior to the Israeli war and probably nearer 1.5 million. And so we anticipated a 7½-percent shortfall of the recognized demand, when this level of imports was considerably higher than it is today. When you couple the reduction of Arab oil, and we know we are not getting any more from Canada and we are not getting any more from other countries than we were, we come up with about a 15-percent shortage and that is what we are living with.

Mr. MCDADE. And the statistics bear this out?

Secretary MORTON. Yes.

Mrs. HANSEN. How could he make such a statement?

Secretary MORTON. I have no accountability over that.

Mrs. HANSEN. I understand that.

Mr. YATES That is not what I heard.

Mrs. HANSEN. If his figures are completely erroneous, they are going to be extremely misleading to a lot of people.

### EXTENT OF ENERGY SHORTAGE

Mr. EVANS. Will you yield on that point?

It was not too long ago you were going back to your congressional district. You know what it is when people start chewing on you back home. I have been chewed on for the same thing, tankers standing offshore, waiting for prices to get higher, hidden storage.

One of the most difficult things about it is that even to this day, when you go back, the question is, time after time, is this a real shortage or is it a contrived one?

I do not know what you can do, Mr. Secretary, to make all my constituents feel good. Certainly, whatever has been done so far by the oil companies, by the Government, by me, has not taken away this high degree of skepticism that people still have, their great mistrust.

Secretary MORTON. I think this is true. I think we had taken energy for granted. I think part of the American ethic was that we took energy, very low-priced energy, as just being a basic part of our life. Any change in that I think has created all kinds of skepticism and frustration. It is an emotional thing which is very real because of the economics.

We were just figuring out the other day, Ann and I were, what it was going to cost us to heat our house at different levels of heating oil prices. It gets to be something that is very, very expensive when heating oil, say, gets up to as much as 35, 40 cents a gallon.

### RESPONSE TO THE SHAH

Mr. EVANS. Would you feel you would be the proper person to respond to the Shah? If not, who do you suppose would be the person?

Secretary MORTON. We have turned that over to our analysis shop, to the Federal Energy Office. I think that Simon certainly has all of the facts and figures at his disposal. I see no reason why he should not respond to the Shah. I cannot really understand why the Shah gets into this, because obviously he does not have at his fingertips the figures on the amount of oil that is being received in American ports.

Mr. YATES. Mr. Secretary, may I ask you one other question, with the consent of the chairman?

Is there a problem of refineries or pipelines in connection with our OCS leases?

### REFINERY PROBLEMS

Secretary MORTON. There is very much a problem of refineries, not so much with the OCS, but with the whole country.

We have two problems: One is that we are short of refinery capacity, a problem which is being solved. The other is that the refinery geography is not good. An example is New England. We do not have any refinery capacity there and we should have it.

Mrs. HANSEN. Would the Department bring to the committee before we have the subsequent energy hearings a map on the distribution of refineries in the United States?

Maryland just received an additional 8 million more gallons of gasoline and I see they are having great difficulties over a proposed refinery.

Secretary MORTON. We have it in every area where there are any new refineries proposed. There is tremendous opposition.

Mrs. HANSEN. This is nationwide, is it not?

Secretary MORTON. Yes.

For example, Oregon has no refinery.

Mrs. HANSEN. They do not want any?

Secretary MORTON. I am going to meet a group of people this week who have asked to see me who want to talk about putting a refinery there. I do not know what I will be able to tell them.

Anyway, the New England problem has gotten all kinds of publicity, so has southern Maryland. The only real refinery capacity being added now is expansion capacity to existing facilities. This does not do anything about the geographical problem.

The other thing—I think maybe the government has a responsibility here and I do not know whether we have or not—is the generation of refineries. There was a big World War I generation, then there was a World War II generation. Now you have had kind of a trickle of additions since World War II, not a great deal, but some. For example, the one at Pascagoula put there by the Standard Oil of Kentucky, is an entirely different kind of a facility than the old World War I or World War II facilities which are terribly guilty in terms of pollution. The technology just was not there. A new refinery built to these high standards is a much cleaner proposition than many other industrial things. But refineries have a bad name and bad reputation.

Mrs. HANSEN. The people do not understand what the technology involved will produce.

Secretary MORTON. It has moved a long way. They use closed systems for moving water, very sophisticated environmental control. They have done the research and they have been very successful with it, but people do not believe it.

### AVAILABILITY OF PIPELINES

Mr. YATES. What about the pipelines? Many of the pipelines are owned by the majors. Is there any question as to whether or not independents who get your contracts for OCS leases will be able to use pipelines?

Secretary MORTON. These pipelines, if they are interstate, are all governed by interstate commerce regulations. So far, that has not been a problem. We have been able to distribute all the oil we have been able to refine. If we get into a position where we cannot, then that might become a problem. I think that is just asking for trouble before you get there. And I do not see it.

Certainly we have had no problem in distribution of gas and I do not think we have a problem in distribution of oil.

Mrs. HANSEN. You have no problem in distribution of gas?

Mr. MCDADE. You mean natural gas?

Secretary MORTON. Natural gas.

Mr. MCDADE. I think the point raised by the chairlady and the gentleman from Colorado is an extraordinarily valid one because there is an enormous lack of belief in the American public that there is a real problem. Let me ask, first of all——

Secretary MORTON. If this is the case, Joe, why is it that the Congress has been so slow in passing this energy bill?

Mr. MCDADE. As you know, there is a host of arguments, everything from excess profits to rollbacks, to rationing.

### MONITORING OF IMPORTS OF FOREIGN CRUDE OIL

You can find a lot of reasons. I want to ask you whether or not the Department of Interior is the agency responsible statistically for monitoring imports of foreign crude oil into the United States?

Secretary MORTON. I would like to find that out, too.

Mr. WHITAKER. No, we are not.

Secretary MORTON. Commerce has a piece of that action in terms of the original statistical data at the port. We do not man the ports. This oil all has to clear through Customs. Then I think Commerce gets information and we get information.

Mr. McDade. I know Commerce does a huge amount of gathering: so does the Bureau of Mines.

Secretary Morton. I would have to look and see—you are talking about what goes through the ports though?

Mr. McDade. I am talking about importation.

Secretary Morton. I will furnish that.

Mr. McDade. What I wanted to develop with you is who does it?

Secretary Morton. Bureau of Mines adds it all up and puts it together, but I think they depend on the Customs people, the Treasury, to get the actual number of barrels.

Mr. McDade. Could we get some indication, too, of how often this statistic is available?

Secretary Morton. It has been available on a monthly basis.

Mr. McDade. Has it?

Secretary Morton. I think it has. There has been some pressure by Simon to get it on a weekly basis. They have gotten a lot of statistics by spending additional time and effort on it. You could get it on an hourly basis if you wanted to, but I do not know what there is to gain.

Mr. McDade. I think there is this to gain: I think the comment mentioned by the Shah of Iran, it is utterly devastating in terms of confidence of the American people.

Mrs. Hansen. That is right.

Mr. McDade. I would like to inquire, who does have the responsibility? Maybe it might be advisable—this committee is always willing to bust the budget in a good cause, as you know. Maybe it might even be advisable for us to consider whether we ought not to establish at the secretariat level or elsewhere, one man in charge of responsibilities for publishing weekly to show the crude oil imports.

Secretary Morton. That, of course, is the idea of the DENR.

Mr. McDade. If it ever comes about. I am wondering about the effect of a comment over television on prime time something is fraudulent, somebody is crooked. I am deeply concerned about it, because there is this basic feeling of disbelief in the country, and maybe we might be able to serve a very important function if we could examine this question with you and decide whether or not we ought to publish them even weekly to indicate the flow of the foreign crude so people could see dramatically where we were vis-a-vis 1973.

Secretary Morton. All this information is available to the public, but we do not buy television time and we do not buy radio time, and magazine advertising space in newspapers to put statistics out.

Mr. McDade. Right.

Secretary Morton. That is one of the problems. I cannot understand this business about the Shah, because I do not think he knows what he is talking about in this case. Where is this oil?

Mr. McDade. I would sure like to know.

Secretary Morton. You can bet it is in the ground in the Persian Gulf, in those states.

REFINERY CAPACITY

Mr. McDADE. Let me follow up with you, another thing I think will become an important statistic. The statistic is that our refineries in the United States are operating at far lower capacity than they were last year, far lower capacity.

Now who has the responsibility for the gathering of those data?

Secretary MORTON. We do that. The Bureau of Mines does that. We can pretty well pinpoint what the refinery capacity is.

Mr. McDADE. Could we possibly get——

Secretary MORTON. It is not very very much lower. They run around 95 percent capacity.

Mr. McDADE. I have seen the statistic, and I hope it is wrong, that says it is somewhere around 75 to 80 percent of where we were just last year.

Secretary MORTON. You are talking about refined products. A good deal of that comes from overseas which we are not getting. We do not have enough refinery capacity in the Nation. That is one of our problems.

Mr. McDADE. We buy a lot of finished products?

Secretary MORTON. We buy a lot of finished products. That is what you are talking about.

Mr. McDADE. Could I get a handle on that with you?

Secretary MORTON. Sure.

Mr. McDADE. Believe me, I have the greatest respect for you and for what you have done. I think, as Secretary of the Interior, you are one of the greatest people who has ever come to Washington. What I would like to be able to do is to know, say, by 12 noon if we can do it; if not——

Mrs. HANSEN. He will be back this afternoon.

Mr. McDADE. I would like to know how we get at this statistic, like this misleading case of the statistics of the Shah. What do the figures show?

Secretary MORTON. Let me bring somebody up here from the Bureau of Mines to show you what we have and how it is gathered.

Mr. McDADE. I would like to know the distinction you made which is so important about finished products. I know on the east coast we have a lot of Canadian refineries suffering in the embargo. We are not getting those finished products. Total demand is 17, domestic is 9, leaving a difference of 8 million. So if I have myself interpreted the statistic, I would like to be educated properly about what this shortfall looks like in terms of our refining capacity, whether it is crude or finished products we are short on, so we can have it in front of the committee.

Mr. EVANS. I join you in your interest and go one step further, that is, to seek some voice that would speak soon in response to this widely publicized television program by the Shah of Iran. Somebody had better sepak to the Nation with authority and knowledge.

Secretary MORTON. I think that is a very good point.

Let me say this also to you, Joe, what you want is a percent based on the amount of oil that has been available to the refinery.

Now if a refinery is short crude, it is going to be short product, there is no way around that.

Mr. McDade. I understand that.

Secretary Morton. We understand each other there.

EFFICIENCY OF REFINERIES

Secretary Morton. So if a refinery is 80 percent of its capacity input, it is going to be 80 percent short. Now we have not gotten enough crude to all our refineries. I thought you were talking about the efficiency of the refineries based upon all the crude available they want.

Mr. McDade. That is a separate equation. I would like to know about that.

Secretary Morton. That is what we can show you. We can show you the amount of crude going into the refinery system and how that has gone down.

Mrs. Hansen. You should also show the shift from one product to another.

Secretary Morton. That is a seasonal thing; they have a 5 percent down time.

Mr. McDade. Variation in making gas?

Secretary Morton. They have maintenance, also. But if you can get 95 percent assuming all the crude you want, out of the theoretical yield, you are doing pretty good.

Mr. McDade. That is not the figure I am looking for.

Secretary Morton. You are looking for the total number of barrels into the refinery system.

Mr. McDade. Right. We know we have some kind of a problem with 8 million barrels. That is our historic pattern, as I understand it. What are we doing today in 1974, if we still have that same demand and still are getting the same production of about 9 and a shortfall of about 8; what kind of oil is coming in to make up that 8?

Secretary Morton. That is where we have fallen short. The front door of the refinery, where the stuff goes in, has been short from what it was a year ago.

AMOUNT OF CRUDE OIL REFINED IN THE UNITED STATES

Mr. McDade. I would like to get that statistical model that shows me, for example, that indeed we are short 8 million, that the refining capacity is 9 million, and if it is down, it is down because of a shortfall of crude.

Secretary Morton. What you want us to give you is the amount of crude, the history of the crude month-by-month, going into the refinery system. Where do you want to start?

Mr. McDade. I think we ought to take 1973, which seems to be the period used by the Fed.

Secretary Morton. Let's take the year of 1973 and 1974 to date and compare the two as far as the number of barrels of crude oil refined in the United States.

Mr. McDade. Yes, from domestic sources and foreign sources.

Secretary Morton. Let's get the total number first.

Then what you want to know is the number of barrels of domestic oil that we produced and the difference will have to be foreign oil.

Mr. McDade. That is about 17 demand, 9 domestic and 8 difference, I think.

Secretary Morton. That is about right.

Mr. McDade. What I want to get is some statistical evidence that I think we have in the Government that would refute (a) the point that the Shah is making or trying to make.

Secretary Morton. I do not think the refinery capacity is that. What you want to do on the Shah is, to check the imports.

Mr. McDade. That is what I mean.

Secretary Morton. Yes.

Mr. McDade. I am making two points: One is imports and the other is the statistic that I see being bandied around in the papers that refineries are only operating at some 75 percent of capacity.

Secretary Morton. This is because of a lack of fuel that goes into them, the lack of crude.

Mr. McDade. I would like to pin that down.

Third, if there is a tremendous shortfall in finished products that we used to import from Canada or the Caribbean or wherever we got them——

Secretary Morton. Caribbean.

Mr. McDade [continuing]. I would like to look at that model, so we can take a look as a committee and say this is what we did in 1973, this is how we met our domestic needs both from sources here and abroad.

Secretary Morton. We can take those figures the Office of Oil and Gas put out and the Federal Energy Office puts out now almost a weekly resume of production, import, statistics, based on the information we get. We can put that all together for you.

[The information follows:]

*Refineries operating ratios*

| | *Percent of rated capacity* |
|---|---|
| 1973:[1] | |
| January | 91.0 |
| February | 90.4 |
| March | 89.6 |
| April | 89.6 |
| May | 90.2 |
| June | 94.4 |
| July | 93.5 |
| August | 92.6 |
| September | 92.1 |
| October | 93.5 |
| November | 90.7 |
| December | 90.0 |
| 1974:[2] | |
| January | 87.5 |
| February | 82.5 |

[1] Source—Bureau of Mines.
[2] Source—API.

The decline in utilization of domestic refineries capacity from approximately 94 percent to 83 percent during the past 8 months resulted from two factors, lack of crude oil and shutdown of refineries for repairs. The basic factor being lack of crude oil. During June and July 1973 when refineries were operating at approximately 94 percent capacity, crude oil imports were in the order of 3.2 to 3.5

million barrels per day. The American Petroleum Institute in their weekly statistical bulletin reported that total crude oil imports were in the order of 1.8 to 2.4 million barrels per day during February 1974. This was when refineries were being utilized at approximately 83 percent of capacity. If adequate crude oil supplies had been available, refineries would have been expected to be operating in excess of 90 percent that month.

*Crude oil refined*

| | *Barrels per day* |
|---|---|
| 1972:[1] | |
| January | 11,390,000 |
| February | 11,358,000 |
| March | 11,347,000 |
| April | 11,187,000 |
| May | 11,480,000 |
| June | 11,844,000 |
| July | 11,888,000 |
| August | 11,912,000 |
| September | 12,115,000 |
| October | 11,873,000 |
| November | 11,854,000 |
| December | 12,113,000 |
| 1973:[1] | |
| January | 12,190,000 |
| February | 12,187,000 |
| March | 12,201,000 |
| April | 12,208,000 |
| May | 12,281,000 |
| June | 12,872,000 |
| July | 12,750,000 |
| August | 12,636,000 |
| September | 12,560,000 |
| October | 12,758,000 |
| November | 12,373,000 |
| December | 12,150,000 |
| 1974:[2] | |
| January | 11,575,000 |
| February | 11,141,000 |

[1] Source—Bureau of Mines.
[2] Source—API.
NOTE.—Additional information was supplied to the committee.

### ALLOCATION OF WAXY CRUDE

Mr. McKAY. Can I add one more item to your request?

Mr. McDADE. Yes.

Mr. McKAY. In my area and I think it is because of allocations, you might check this out, the waxy crude that is pulled out of the ground in eastern Utah is refined by a special refinery outside of Salt Lake. But under the allocation they have been reduced to 85 percent or some figure over last year. Now for any other refinery to pick up that capacity of that refinery, to spread it around the country, they have to remodel their whole refinery because of the nature of the crude.

Could you give us a figure into the amount of reduction that caused through waxy crude, versus sweet or sour crudes, in the process of allocation?

Secretary MORTON. Maybe. I do not know if we can get that information or not.

Mr. McKAY. If you could, it would be helpful.

[The information follows:]

The Department cannot provide the figure. Detailed information of the characteristics of crudes (sweet, sour, waxy) being processed by individual refineries is not available from Department records.

### U.S. PRODUCTION OF PETROLEUM

Mr. YATES. Would you know whether any of the production of petroleum in the country has been curtailed or whether it is going full force?

Secretary MORTON. It is reducing because a lot of the onshore fields are producing less and less each year and some domestic production has——

Mrs. HANSEN. Which is just a natural phenomenon.

Secretary MORTON [continuing]. About held its own. New oil is coming in making up for the decline in old oil. I have a very good graphic chart that I will bring up here this afternoon which shows the history and the projections of domestic production, which answers your question.

Mr. YATES. Would you say all of our fields are going at full production, so that we are doing our best to take care of the shortage?

Secretary MORTON. There is no shut-in oil. We do not know of any.

Mrs. HANSEN. Mr. Secretary would you like to finish your prepared statement?

### INTERIOR ENERGY PROGRAMS

Secretary MORTON. Let me catch up to where I was. We have established an Office of Research and Development to strengthen our energy and other research planning, coordination and management. We have also launched a national energy conservation program and a petroleum allocation program. The funding to take these actions has been strongly supported by this subcommittee.

I may add that the accountability now for those two areas, the allocation program and the conservation program, had been transferred to the Federal Energy Office. The fiscal year 1975 budget before you requests some $659 million for Interior energy programs, which would be an increase of $372 million over 1974. Of these amounts: $497.2 million is for energy research and development which concentrates on fossil fuel technology and energy resource and environmental assessment; and $70.1 million is for petroleum allocation and import programs.

A total of $43.6 million is for energy leasing and related activities of the Bureau of Land Management and the Geological Survey; $27.7 million is for coal mine health and safety research; $10.1 million is for Alaska pipeline monitoring (to be reimbursed by the Pipeline Co.); and $10 million is for improved energy data and analysis, and coordination of energy R. & D. programs.

Taken together, these programs and the funding requested for them represent a strong commitment to a more secure energy future for the United States. Leasing activities on the public lands currently account for 17 percent of domestic requirements for oil and gas.

Mrs. HANSEN. Would you provide figures for the record on what the total percentage potential for oil and gas from public lands may be.

Secretary MORTON. We will try to do that. Of course, it is a ballpark figure, a guess.

Mrs. HANSEN. I understand.

[The information follows:]

At present, the Geological Survey estimates that the United States has undiscovered recoverable resources of from 200 to 400 billion barrels of oil and from

1,000 to 2,000 trillion cubic feet of gas. Of this, we currently estimate that Federal lands, including both onshore and offshore, contain undiscovered recoverable resources of between 73 and 146 billion barrels of oil and 430 and 860 trillion cubic feet of gas. The actual percentage of the domestic requirements that will be supplied from Federal resources will depend on many factors, including leasing rates, exploration and development trends, restrictions imposed by environmental considerations, the results of litigations between the States and the Federal Government, equipment availability, and the development of alternate energy sources, and the effects of energy conservation measures on user requirements.

### OCS LEASE ACCELERATIONS

Secretary MORTON. With the recently announced leasing accelerations, we anticipate that this percentage will rise very substantially over the next decade. We have not been willing to try and pinpoint it accurately. If we could do that, we would be way ahead of the game.

Mrs. HANSEN. Mr. Secretary, is it not true that there is not adequate knowledge on certain public lands? For example, the wilderness areas could not be logically considered part of an oil reserve. Is this not true?

Secretary MORTON. Well, yes, this is true, but the big unknown is how much oil is under the Arctic Continental Shelf and under the Gulf of Alaska, the Gulf of Mexico, and in the Atlantic. We know there is a vast amount. We put billions of barrels on it, but I would think that if we could get within 30 percent, we would be really lucky. That is where the big end of it is.

Mr. YATES. Do we claim jurisdiction over the entire Continental Shelf surrounding our country?

Secretary MORTON. Yes.

Mr. YATES. Within a certain limitation?

Secretary MORTON. Yes. Under the Law of the Sea Conference, there are specific delineations as to where, for example, the Canadian Continental Shelf is and where it is for the United States.

The technology developed under the accelerated energy R. & D. program will greatly assist in meeting energy requirements in future decades. The energy conservation program will hopefully result in a substantial reduction in growth of our energy demands.

### RECREATION AND ENVIRONMENT

The President set forth in his recent state of the Union message the challenge ahead in enhancing and improving the environment. As a part of our continuing effort to conserve outdoor recreation areas, our budget proposes funding of the land and water conservation fund for 1975 at $300 million, with approximately two-thirds for State assistance and one-third for Federal programs. The need to accommodate congressionally authorized Federal land acquisition makes it essential that we continue this program at the proposed level so that we can maximize the recreation benefits and minimize the expense by acquiring the land while it is still available and at as low a cost as it ever will be.

Our 1975 budget includes substantial funding for two proposed land use programs—one dealing with land use policy and planning, and the other with mined area protection. I am hopeful that we will have congressional action on these measures early this session so we can begin implementation well before the 1975 State legislative sessions. We have also proposed increased funding for land use information and analysis functions of the Geological Survey, to support these land use programs.

The National Park Service budget proposes the completion of the development of historically significant areas for the celebration of America's Bicentennial. The Service will serve as host to the millions of domestic and foreign visitors expected during the celebration year which officially begins in March 1975. Funding increases are also provided for park operations and for preservation of historic properties.

The Bureau of Sport Fisheries and Wildlife is embarking on a major new phase of providing biological services to support natural resource development decisions. As you know, I have charged the Bureau to become the Government's biological arm for wildlife resources. Their 1975 budget contains $4.1 million in new funds to improve their ability to assess the impact of development on fish and wildlife. In the face of mounting demands to exploit energy sources, such as oil shale, offshore oil reserves, and nuclear plants, this is of critical importance. It includes the determination of key environmental indicators, assessment of alternative methods of tapping energy and water resources, and monitoring of environmental impacts on a national scale. We are preparing to implement pending animal damage legislation that would shift responsibility and financial aid to the States for the control of predators. The budget also lays the groundwork for partial implementation of the Endangered Species Act of 1973 by tightening importation controls and encouraging State cooperative agreements with the Federal Government.

Bureau of Land Management funding for recreation management on the public lands is proposed to approximately double, for a total of $5.6 million, with principal increases planned for off-road vehicle management, archeological protection, protection of wild and scenic rivers and national trails, and management of recreation in the California Desert.

## OTHER INTERIOR RESPONSIBILITIES

Our proposed budget for fiscal year 1975 also provides additional funding for other major departmental responsibilities. We have included additional funding in the Bureau of Mines budget for improving our understanding of our nonenergy minerals posture which may be an emerging problem. Added funding is requested to step up our enforcement efforts under the Federal Metal and Nonmetallic Mine Safety Act and to improve our technical assistance capability for making the Nation's mines safer. Increased funding is requested to meet our responsibilities to the territories. We hope to improve our capability for management of the national resource lands. That is, the BLM lands.

In addition to increases for energy leasing and the Alaska Native claims settlement, we have proposed additional funding for Bureau of Land Management range improvements, forestry management, and maintenance activities.

In short, I am presenting what I consider to be a responsive and responsible budget. We appreciate the continuous support that you have furnished for Interior's programs and hope that we will continue to merit that support.

## ANIMAL DAMAGE LEGISLATION

Mrs. HANSEN. Mr. Secretary, would you please explain the legislation on animal damage relative to the control of predators.

Secretary MORTON. What we are trying to do, in the legislation we propose, is to try to share to a much greater extent the responsibility for predator control with the States. This would give us, I think, an opportunity to have a lot more manpower and carry out these programs a lot more effectively on the ground that we can carry them out now using only Federal personnel.

We would like the Federal role to be more of a research role, and program development role, with the actual work of carrying out the programs done largely by the States. And I think that this will do that.

Mrs. HANSEN. Will those States carry them out or will they get into a legislative battle?

Secretary MORTON. If they do not carry them out, we will not give them the money.

Mr. YATES. They will carry them out.

Secretary MORTON. We have had a very good response on this. One of the problems is that the predator problem varies from region to region and terrain to terrain. There is a great deal of myth and mystery in it, but also a great deal of fact. It is a very, very tough problem.

We had a meeting with a good many Members of Congress here just a few days ago. You could see the emotional side of this thing very graphically displayed in that meeting.

Mrs. HANSEN. That is why I am wondering if the legislature is going to be the "coyote and anticoyote" session.

Secretary MORTON. It will be, and Congress is pretty well divided on that issue.

Mr. MCKAY. You can get emotion on the coyote there as well as in oil.

Secretary MORTON. The coyote has probably stimulated more comment than the Shah ever will.

Mr. MCDADE. Not in Scranton, Pa.

Mr. MCKAY. It depends on the sections of the country involved.

## PAYMENT TO GSA FOR SPACE

Mrs. HANSEN. For the first time, individual agencies are requesting direct appropriation of funds to pay for rent and other charges for space owned by the General Services Administration.

Mr. Secretary, would you please insert in the record at this point a listing of these requests for the various bureaus in the Department of the Interior? Please also explain this new procedure.

[The information follows:]

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DEPARTMENT OF THE INTERIOR

1975 GSA Space Costs
Standard Level User Charges and Special Use Charges
(in thousands)

| Bureau or Office | Standard Level User Charges | Special Use Charges[1] | Total GSA Space Cost |
|---|---|---|---|
| Bureau of Land Management | $ 6,375 | $ 125 | $ 6,500 |
| Bureau of Indian Affairs | 4,911 | 336 | 5,247 |
| Geological Survey | 9,848 | 609 | 10,457 |
| Bureau of Mines | 2,393 | 167 | 2,560 |
| Mining Enforcement Safety Admin. | 2,551 | 12 | 2,563 |
| Office of Coal Research | 165 | 2 | 167 |
| Office of Oil and Gas | 951 | 5 | 956 |
| Bureau of Sport Fisheries and Wildlife | 4,119 | 101 | 4,220 |
| Nati[illegible] Park Service | 4,875 | 237 | 5,112 |
| Bure[illegible]f Outdoor Recreation | 660 | 21 | 681 |
| Bureau of Reclamation | 7,734 | 178 | 7,912 |
| Alaska Power Administration | 47 | --- | 47 |
| Bonneville Power Administration | 2,115 | 22 | 2,137 |
| Southeastern Power Administration | 38 | --- | 38 |
| Wouthwestern Power Administration | 220 | --- | 220 |
| Office of Saline Water | 96 | 4 | 100 |
| Office of Water Resources Research | 59 | 3 | 62 |
| Office of the Solicitor | 664 | 17 | 681 |
| Office of the Secretary | 2,529 | 215 | 2,744 |
| TOTAL | $50,350 | $2,054 | $52,404 |

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[1] Includes special protection, alterations, etc.

Secretary MORTON. I will have to do that.

Secretary Clarke is the Administrative Secretary. He probably knows the answer to that.

Mr. CLARKE. Madam Chairman, we will insert that in the record.

Essentially what is it—we are paying rent.

Mrs. HANSEN. What is GSA doing with the rent?

Mr. CLARKE. They are using it to provide capital improvements, maintenance, and operation of existing buildings.

Secretary MORTON. It is probably a pretty good idea.

The Department of the Interior is scattered over this city like the snow is.

Mr. CLARKE. It makes our program sensitive to the fact that space costs money. We hope it will not cost any more than in the past. But that sensitizing process I think is helpful.

Mrs. HANSEN. Can you give us figures to show that you are not paying more now to GSA than you have been. Do you have some figures on that?

Mr. CLARKE. We do not have GSA's costs, as a before and after comparison.

Mrs. HANSEN. You know the basis on which they make their rent charges?

Mr. CLARKE. We have had some very long and hard-nosed negotiations with respect to the space costs.

Mrs. HANSEN. Provide for the record some good examples because the committee is not going to subsidize GSA without those figures.

Mr. WILES. We reimburse GSA for those leases. In addition, we are paying for special services like cleaning and protective services. We will give you a complete breakdown.

Mrs. HANSEN. You provide all kinds of protective services in various places. I want to know the extent of this.

Does this affect Indian schools? Does this affect all your facilities throughout the Nation?

Mr. WILES. No ma'am. It does not go to Indian schools. It will not go to park buildings or our refuges.

Mrs. HANSEN. I do not want to have GSA finding itself with a lot of spare money at the expense of the Department of the Interior to build a complex in Washington, D.C.

Mr. WILES. No; it is only where we are leasing buildings under the responsibility of GSA.

Mrs. HANSEN. Would you put in the record a list of all your leased facilities?

Mr. WILES. Yes. It is quite a computer run.

Mrs. HANSEN. I understand, provide the information to the committee. I do not propose to go to the floor and have some question on this without some knowledge by the committee of what has happened.

[NOTE: The information was supplied to the committee.]

### IMPOUNDMENT OF FUNDS

What budgetary impoundments are currently in effect in the Interior Department?

Mr. WILES. We only have one budget impoundment in this bill. That is $14.5 million for the National Park Service.

Mrs. HANSEN. What does this involve?

Mr. WILES. It was budgeted that way last year. It is really an estimate of what they will not get obligated this year. It is not tied down by——

Mrs. HANSEN. I thought we found all those instances where they were not going to spend funds. You mean to say you requested $14 million and you knew it couldn't be spent?

Mr. WILES. It is a question of design. You have to go out with bids: if they are too high you have to turn them down. There is a very good possibility that the National Park Service will not get them all obligated this year.

Mrs. HANSEN. I am wondering what you are doing and what you have done in your design stage so that you have the plans ready to go. This doesn't necessarily mean you have to pay fantastic design fees. I do not know what some Indians are designing but some of the design costs are astronomical. It seems to me there must be on your shelves some kinds of programs that can be taken out and used.

### PUBLIC WORKS PROJECTS

Mrs. HANSEN. This brings me to a point made in the full committee the other day. The statement was made by Mr. Burns, the Chairman of the Federal Reserve, that public works projects were the poorest kind of program to improve a lag in the economy. I talked with him afterwards and I said I disagreed. I said public works projects in the context of just pure work programs probably were not, but that I felt that each of the departments should have a backlog of plans and programs that would enable us to do two things, to step in where we have sizable amounts of unemployment due to the energy problem, and to complete within the budgetary framework those programs which would be desirable.

For example, we have a backlog of Indian hospitals. We have a backlog of Indian schools and Indian roads. We have a backlog of all kinds of needed maintenance and construction projects across this Nation I know we could use additional Indian hospitals.

Secretary MORTON. Yes, you could build some hospitals. But if construction is the answer, and I do not know whether it is or not, I think we could expand. We could certainly do our share as far as expansion is concerned.

### RECLAMATION BACKLOG

We have $6 billion in backlog as far as reclamation is concerned.

Mrs. HANSEN. And are you ready to proceed with those projects?

Secretary MORTON. You are not really ready to go, because you have environmental impacts, design and engineering, all that.

Mrs. HANSEN. Many delays are caused by the environmental impact statements.

Secretary MORTON. You have to do it. Otherwise you go to court and sit there for 5 years. We are ahead of the power curve on reclamation as far as being able to accelerate the program from its present level. Obviously you begin to reach inefficiencies in terms of trying to do it too fast, because you would have to have on board an awful lot of engineers and design people that otherwise you would not need.

I think the same thing is probably true, in both refuges and the parks, to a much, much lesser extent. You could expand that pretty quickly. That is about it, because your other bureaus are not facility oriented bureaus.

Mrs. HANSEN. I understand

Secretary MORTON. I think maybe you could do some things, perhaps with the EROS program, but how intensive it would be I do not know. This is a very, very difficult thing. Where you really could put some jobs, probably more than anywhere else, would be probably in the Youth Corps—expand that kind of thing.

### DETAILS ON $14 MILLION IMPOUNDMENT

Mrs. HANSEN. What projects does the $14 million impoundment involve?

Mr. WILES. It is really an estimate of what is believed will be unobligated at the end of the year.

Mrs. HANSEN. Can you provide us with a list?

Mr. WILES. There is no list. There are no hard numbers on which projects, because if one does not go NPS can substitute another one in its place. So there is no hard list on which projects they are.

Mrs. HANSEN. I understand, but you should have an overall idea of whether it will be expended or not?

Mr. WILES. I can check with the Park Service, as time goes on.

Mrs. HANSEN. It is all in the Park Service?

Mr. WILES. Yes, ma'am.

Mr. HITE. This money will be eventually obligated.

Mrs. HANSEN. I know, but I want to make sure it is going to be.

Mr. HITE. I understand that. What Frank is trying to say is that these construction and design stages slip.

Secretary MORTON. I hope you are not forcing the issue against projects that are not well-designed.

Mrs. HANSEN. Not at all.

Secretary MORTON. That is the only area, and I think that is probably totally directed toward facility development.

Mr. WILES. Yes.

Secretary MORTON. It is not personnel.

Mrs. HANSEN. Are some of them pollution abatement projects?

Mr. WILES. There is no list, honestly.

### DEPARTMENT OF INTERIOR'S REORGANIZATIONS

Mrs. HANSEN. In the committee's report last year, we noted the Department's most recent reorganization. The committee stated:

"The committee will have a full review of the implementation of this reorganization, including the increased efficiencies and cost savings in departmental operations, in the 1975 hearings."

Mr. Secretary, what can you report in this regard?

Mr. HITE. You are referring to our appearance before you with respect to the Bureau of Mines reorganization?

Mrs. HANSEN. That was involved and you also reorganized your regional offices.

Secretary MORTON. We have done a good many things. In order to answer that question fully, maybe Jim ought to provide you with a paper—sort of a historical document.

Mrs. Hansen. Could you have it this afternoon?

Secretary Morton I do not know if he could have it this afternoon or not.

Mr. Clarke. There are no changes other than those we previously reported to this committee. I was not aware we were encumbered by an analysis of cost savings. Let us do some work in that regard.

Mrs. Hansen. You told us the reorganization was going to result in efficiencies and cost savings.

Secretary Morton. I was thinking primarily of the Bureau of Indian Affairs. What you really want to know is fundamental——

Mr. Yates. May I clarify one point before we adjourn?

I had the impression that when the Secretary referred to the 1-in-5 and 1-in-9 ratios of dry holes to producing wells, that it was one dry hole in five, but what it means is that—

Secretary Morton. It is the other way around.

Mr. Yates. It is one producing well for four dry holes?

Secretary Morton. Out of the five, you get one well.

Mrs. Hansen. Thank you.

The committee will adjourn until 1:30 p.m.

## Afternoon Session

### REALINEMENT OF DEPARTMENTAL FUNCTIONS

Mrs. Hansen. The committee will come to order.

Secretary Morton. Madam Chairman, if I may add to the record, we have this afternoon in addition to those who were here this morning, Dr. Vogely, who is Acting Secretary in our energy and minerals area, and Mr. Diehl from the Bureau of Mines.

Mrs. Hansen. The committee is pleased to welcome you.

I would like to continue our discussion interrupted by the recess.

In pursuit of Order No. 2951, which was the subject of realinement and reassignment of departmental functions and responsibilities, the statement was made:

"The reorganization can be expected to have several important benefits—increased efficiencies in the administration of Department programs, overall decreases in total personnel ceilings and grade levels, and substantial cost savings in Department operations."

The document gives the authority, for the following secretarial officers: an assistant secretary for energy and minerals; assistant secretary for land and water resources; assistant secretary for fish, wildlife, and parks; assistant secretary for congressional and public affairs; assistant secretary for program and budget; Indian affairs; office of territories, et cetera. The date was effective immediately and that was February 6, 1973. I think the committee is particularly interested in knowing how this realinement has affected the efficiency in the energy technology resources and utilization and the natural resource functions.

Mr. Clarke. Madam Chairman, let me try to use these charts to refresh the committee's memory in terms of what effect that Secretarial Order had. Then we can talk about its implications on those several points.

Mrs. Hansen. We will place the charts in the record.

[The information follows:]

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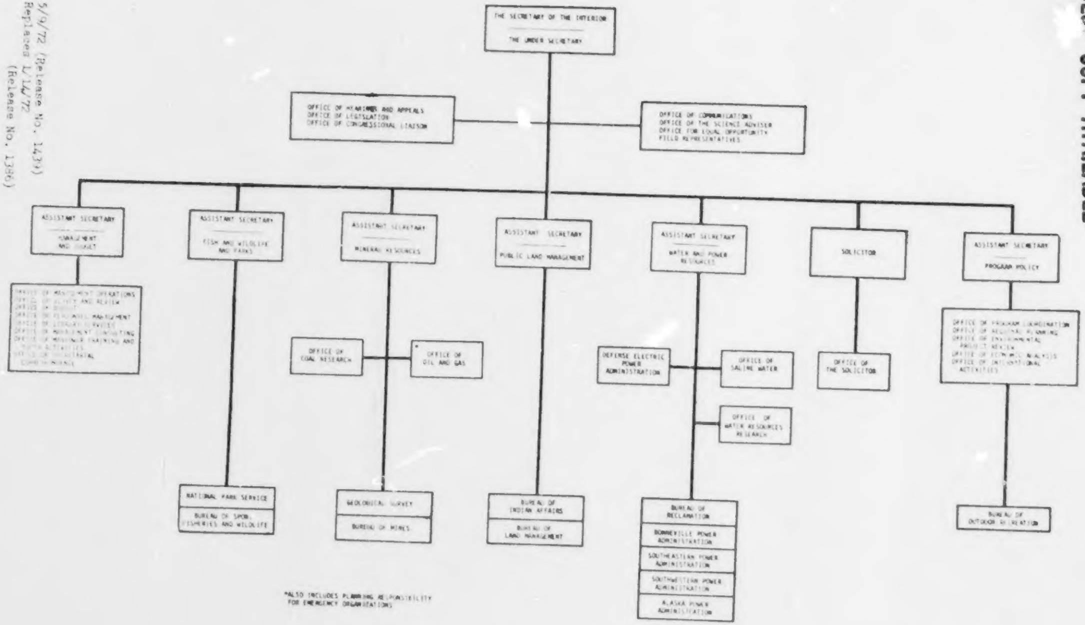
THE SECRETARY OF THE INTERIOR
THE UNDER SECRETARY
OFFICE OF HEARINGS AND APPEALS
OFFICE OF LEGISLATION
OFFICE OF CONGRESSIONAL LIAISON
OFFICE OF COMMUNICATIONS
OFFICE OF THE SCIENCE ADVISER
OFFICE FOR EQUAL OPPORTUNITY
FIELD REPRESENTATIVES
ASSISTANT SECRETARY
MANAGEMENT AND BUDGET
OFFICE OF MANAGEMENT OPERATIONS
OFFICE OF SURVEY AND REVIEW
OFFICE OF BUDGET
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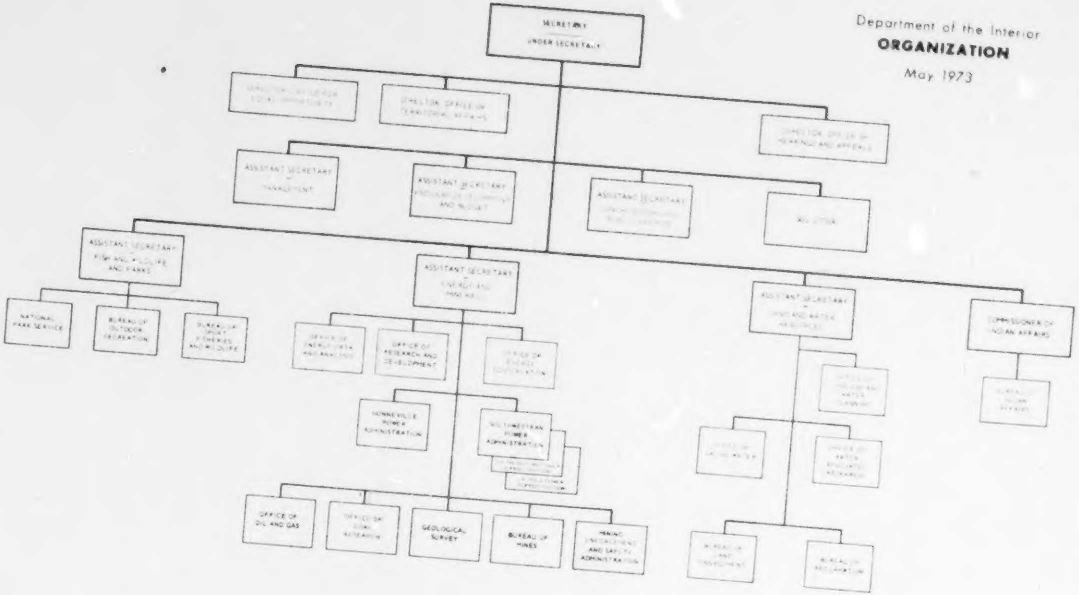
OFFICE OF LIBRARY SERVICES
OFFICE OF MANAGEMENT CONSULTING
OFFICE OF MANPOWER TRAINING AND YOUTH ACTIVITIES
OFFICE OF [illegible] CONTINGENCY
ASSISTANT SECRETARY
FISH AND WILDLIFE AND PARKS
NATIONAL PARK SERVICE
BUREAU OF SPORT FISHERIES AND WILDLIFE
ASSISTANT SECRETARY
MINERAL RESOURCES
OFFICE OF COAL RESEARCH
* OFFICE OF OIL AND GAS
GEOLOGICAL SURVEY
BUREAU OF MINES
ASSISTANT SECRETARY
PUBLIC LAND MANAGEMENT
BUREAU OF INDIAN AFFAIRS
BUREAU OF LAND MANAGEMENT
ASSISTANT SECRETARY
WATER AND POWER RESOURCES
DEFENSE ELECTRIC POWER ADMINISTRATION
OFFICE OF SALINE WATER
OFFICE OF WATER RESOURCES RESEARCH
BUREAU OF RECLAMATION
BONNEVILLE POWER ADMINISTRATION
SOUTHEASTERN POWER ADMINISTRATION
SOUTHWESTERN POWER ADMINISTRATION
ALASKA POWER ADMINISTRATION
SOLICITOR
OFFICE OF THE SOLICITOR
ASSISTANT SECRETARY
PROGRAM POLICY
OFFICE OF PROGRAM COORDINATION
OFFICE OF REGIONAL PLANNING
OFFICE OF ENVIRONMENTAL PROJECT REVIEW
OFFICE OF ECONOMIC ANALYSIS
OFFICE OF INTERNATIONAL ACTIVITIES
BUREAU OF OUTDOOR RECREATION

*ALSO INCLUDES PLANNING RESPONSIBILITY FOR EMERGENCY ORGANIZATIONS

5/9/72 (Release No. 1439)
Replaces 1/14/72
(Release No. 1386)

Department of the Interior
**ORGANIZATION**
May 1973


SECRETARY
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ASSISTANT SECRETARY – MANAGEMENT
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COMMISSIONER OF INDIAN AFFAIRS
BUREAU OF INDIAN AFFAIRS

Secretary MORTON. I think we can give you some.

### PRESENT ORGANIZATION

Mr. CLARKE. As a matter of fact, I have some copies right here of the present organization chart, Madam Chairman. The secretarial order to which you referred and several subsequent implementing documents restructured this top management organizational plan to the one which is on my right.

Let me talk about the staff offices first, the line assistant secretaries second, and then direct myself to the question which you posed.

In the staff offices, of which there are three assistant secretary level assignments, there were two major changes. The Congressional and Public Affairs Assistant Secretaryship was created and the budget function which was under the Assistant Secretary for Management and Budget moved over and became a part of the program policy, changing its title to the Assistant Secretary for Program Development and Budget.

There was one other change that occurred as well and that is that the Bureau of Outdoor Recreation which had been attached to this assistant secretaryship before moved under the Fish, Wildlife, and Parks mission area.

I don't think much needs to be said about the attention that John Kyl has given to this area. It has given a focus and a status to our concerns and congressional actions and I believe that creation of that assistant secretaryship has proved its merit.

Likewise the movement of the budget function from the management area to the program and development area has achieved a couple of rather notable effects.

One is, it put all of the resource allocation decisions in one place. It has put the people who are responsible for the analytical work concerning various programing decisions that are involved down here, sort of technical, adversary as it were, in one place.

Those analytical talents together with the budget capabilities now report to one assistant secretaryship. That leaves this assistant secretary free to concern himself with a number of administrative and management areas which have been somewhat neglected because of preoccupation with the budget.

For example, during this past year I spent a good deal of time in the personnel area. We have not devoted the proper kind of time to the development of our civil servants. I believe that over the next several years we will see some improvement in several areas, one of the reasons being that the preoccupation with the budget is now the concern of a different assistant secretaryship.

These are very difficult to measure in terms of cost effectiveness. I think it is important to note at this stage a comment that the Secretary made this morning and that is that there is a belief that reorganization accomplishes certain results.

It really doesn't. It gives you, if it is soundly conceived, the basis to do things, but moving boxes around in and of itself doesn't accomplish a thing. All we really did in moving these boxes was to set the stage to do some things and to try to put the kind of people in them that could make those things happen.

MISSION AREAS

When we move down to the mission areas we have three assistant secretaryships, Fish, Wildlife, and Parks, Energy and Minerals, Land and Water Resources, and the Commissioner of Indian Affairs.

Now, it might be useful at this point to refer back to the old chart by way of comparison. There was an Assistant Secretary for Water and Power Resources, one for Public Land Management, one for Mineral Resources, and one for Fish and Wildlife and Parks.

This Fish, Wildlife, and Parks area had in it the Park Service and the Bureau of Sport Fisheries. To it was added the Bureau of Outdoor Recreation to compose what is now this assistant secretaryship.

There have been several things that have occurred there as a result of this. One, of course, is the land and water conservation fund is administered primarily by the Bureau of Outdoor Recreation and it has permitted a greater coordination among these various entities.

Second, it has permitted the standardization of inholdings. And I think that during your review of the budget process here it would be useful to inquire of the administrative improvements——

Mrs. HANSEN. We intend to but I think it was necessary to have this overview discussion to show your intent and what your management procedures had been, before we discussed the particulars with the individual bureaus.

Mr. CLARKE. Fine.

DEPARTMENT OF NATURAL RESOURCES

Secretary MORTON. Madam Chairman, at this point, this reorganization, in my opinion, was a necessary thing if a department of natural resources is going to come into being and be established around the basic functions of the Department of the Interior, which was the original intent of that legislation.

What I did was to try to get things working in a way that this could be expanded along the lines of the concept embodied in the reorganization bill that was sent up that would create a department of natural resources.

I think that that is an important concept to understand as you begin to study this.

[Discussion off the record.]

Secretary MORTON. There is one very important point on this that I think no matter what happens shouldn't be disturbed and that is the grouping of the Bureau of Land Management and the Bureau of Reclamation into one secretariat. You cannot divorce water management from land management. It is high time this was done and we find it has been very beneficial, particularly in the decisionmaking process that involved both.

Mr. CLARKE. It might be useful at that point to jump to land and water resources. To tell you the origin of this, the Bureau of Reclamation, Office of Saline Water, and Office of Water Resources Research came from the old Water and Power Resources secretariat and was combined with the Bureau of Land Management which came from the Public Land Management assistant secretaryship.

This particularly, as the Secretary points out, has reinforced the concern we have had for some time that you cannot separate water decisions, particularly out West, from the multiple-land use that we are trying to make in the surrounding area.

It has brought these two bureaus in particular together. We think it is one of the better results of this reorganization.

Mr. McKAY. Can you divorce it from energy and minerals totally either though?

Secretary MORTON. No; you can't. This is where we have to work at the secretariat level to make sure that we have got the coordination. Minerals is so big with the Bureau of Mines and the Geological Survey that to put those four together. Bureau of Reclamation, the Public Land, and Mines and Survey together, is just too big an administrative burden I think on one assistant secretary.

We had to split it and we think we have split it as equitably as we could. But this is a problem and it shows up in this whole leasing problem.

Mr. McKAY. Multiple use?

Secretary MORTON. It shows up, too, in the leasing. The Survey has part of the responsibility and Bureau of Land Management has another part of the responsibility and we may have to break this leasing operation out of the bureau structure in order to make it more efficient, and if we do that it will have to be done either in one of the secretariats or in the secretarial situation itself if we find it is necessary. We haven't found that it is necessary yet but we are studying it.

### LEASING RESPONSIBILITIES

Mr. CLARKE. Geological Survey and Bureau of Land Management have responsibilities for both onshore and Outer Continental Shelf leasing. Both of those are involved in day-to-day activity and it has worked so far but it does have its awkward stages.

Secretary MORTON. Another important change, very important change, is breaking Indian Affairs, which is 20 percent of our total budget, out where it has ready access to the secretariat and is not sharing the time of an assistant secretary with other bureaus. I think this probably is also one of the key and important things.

Mr. CLARKE. By contrast, that was under the Public Land Management assistant secretaryship and another part that is not frequently recognized as important is that there has been a tendency in the past at least in some people's minds to co-mingle the Bureau of Indian Affairs and the Office of Territories.

Both of those groups of people feel that their particular problems are rather unique, not that they do not respect the other a great deal, but they do feel that they ought to be treated as separate institutions. The separation of these two, even if it is just a question of visibility, I think is very important.

Mrs. HANSEN. I think this is one thing that the committee is very pleased that you have done because Indian Affairs did not belong co-mingled with Samoa, Guam, the Virgin Islands, and Micronesia. It was a bad situation from the standpoint of the territories as well as the Indians.

Mr. YATES. Does that mean that the Secretary is now directly responsible for failure to provide the money for urban Indians?

Secretary MORTON. Yes; that is correct.

Mr. YATES. The fact is that we provided $275,000 for urban Indians over the last 2 years, and the Secretary won't spend the money. Isn't that right?

Secretary MORTON. No; I think we turned it over to HEW.

Mr. WILES. We have a study going on with HEW.

Secretary MORTON. It is a real question, too, of our authorization here.

Mr. YATES. You turned it over to HEW?

Mr. WILES. This was to perform a study on urban Indians, and that study is going on.

Mrs. HANSEN. We provided the urban Indians with some additional money in Indian health service which is a separate item.

Mr. YATES. Under this chart, it goes right to the Secretary.

Secretary MORTON. The legislation, too, is involved here.

Mr. YATES. Well, has the $275,000 been referred over to HEW?

Mr. WILES. I hope we are talking about the same money. The committee provided money for us to do some pilot studies. We are doing those in conjunction with HEW, if we are talking about the same money.

Mrs. HANSEN. We are talking about five urban centers.

Mr. WILES. Yes.

Mr. YATES. The report says the managers are concerned that $275,000 in additional funds appropriated in 1973 for referral services to urban Indians was not utilized. That is not a study, that is for referral services.

Mr. WILES. HEW has some places established already—I think in Minneapolis and someplace else.

Mr. YATES. That is correct, in the Office of Native American Programs. Are you saying that the $275,000 has been turned over to that Office?

Mr. WILES. I think the Office of Native Americans is in action. I am talking about a joint effort between HEW and Interior.

Mr. YATES. Well, according to the letter I have from Congressman Fraser through the Office of Native American Program, HEW now funds Indian programs in more than 30 cities. Does this mean that the $275,000 has been turned over by Interior to HEW for that purpose?

Mr. WILES. Well, they are working with HEW together. I can't say actually the money has been——

Mr. YATES. Who is "they"?

Mr. WILES. The Bureau of Indian Affairs and HEW are working together on this. Whether the dollars have actually been turned over, I can't say. But there was no money reserved last year, Madam Chairman. If we didn't get the job done, that is another thing, but they are working with HEW on this Indian urban problem.

Secretary MORTON. This is a big decision that the Congress and everybody else has to make, as to how this should be treated from an authorization point of view.

Mrs. HANSEN. Mr. Secretary, this is a problem, as you said. I think I would like to say in behalf of the committee that our problem is that, as you are well aware, every urban Indian has the same rights that any other American has, and many of these cities have been very remiss about giving them their rights.

The Minneapolis group did some work with the Indian Health Service on referral services which can be a pattern through the Nation and really at a minimal cost in the total.

I think all Indians ought to understand this, that reservation Indians which are directly under trust responsibility are not happy about having their money siphoned off to people who left the trust lands by their own desires.

As I understand it, Interior's authorization does not reach out to every urban Indian in the United States who willingly separated himself from trust lands and went into the cities of his own volition, any more than you would have the responsibility for anybody from the State of Florida that suddenly decided to go to the State of Oregon.

Secretary MORTON. This is true.

Mrs. HANSEN. This is one of the real vexing problems, because the urban Indians are participating in the HEW education program, they are participating in the Indian Health Service programs, and they are participating in a great many OEO programs.

The reservation Indians have little access to those programs. We have called this to the attention of the BIA and have asked them to perform some studies in this area. I think that is what you are referring to.

Mr. WILES. Yes.

Mrs. HANSEN. Some pilot studies on what you can come in and recommend as a happy solution to this very troublesome problem.

Mr. WILES. I hope we are talking about the same money.

### "RUIZ" DECISION

I understand, Madam Chairman, that last week the Supreme Court reviewed the *Ruiz* decision, and they have sent it back to the Federal court to have defined "on or near reservation." I think the Department now has to define what that means: "on or near reservation."

Mrs. HANSEN. Yes. You get into some very complicated authorization problems which are the basic part of the problem and this is why we asked you people to perform some studies. Ninety percent of the problems with the urban Indians are related to housing, health, and education, which are really taken care of in a wide number of HEW and HUD programs. Interior does not fund Indian housing except on reservations.

Isn't this correct?

Mr. WILES. That is right.

Mrs. HANSEN. The Indian education bill is an attempt to help the urban situation by providing funds to the public schools. There are no Indian schools per se in cities.

Secretary MORTON. One of the difficult things is that most of our relationships that have historically been set up over the years between the Department's bureau and the Indian community have been relationships of Government to tribe.

Mrs. HANSEN. That is right.

### GOVERNMENT RELATIONSHIP WITH THE INDIAN COMMUNITY

Secretary MORTON. And our contracts are with tribes. Our whole liaison relationship with the tribal government is the hard core really of the Government relationship with the Indian community.

Now, if we are going to move into the urban area, we being the Department of the Interior, as opposed to those agencies which are more urban area-oriented and also have already a presence in the area, we probably are going to be talking in terms of doubling the size of the Bureau's appropriation.

Otherwise you are going to rob Peter to pay Paul.

Mrs. HANSEN. That is exactly the problem.

Secretary MORTON. The other thing is you duplicate services that are certainly services required by not only Indian groups but other minority groups and people in the same circumstance in the cities.

I am concerned a little bit about the segregation aspects of programs which are designed for urban Indians that are only directed to urban Indians as opposed to other individuals under the same circumstances.

Mrs. HANSEN. This is why the committee asked for this study, because the committee felt you could well find yourselves in court.

Secretary MORTON. Oh, I am sure.

[Discussion off the record.]

Mr. WILES. Mr. Yates, I hope we are talking about the same money. I believe we are. We can get into this in more detail with the Bureau.

Mrs. HANSEN. Mr. Clarke, please proceed.

### ENERGY AND MINERALS SECRETARIAT

Mr. CLARKE. Madam Chairman, we might just spend just a moment then on the energy and minerals secretariat which is the last one we discussed. This one is the secretary which, of course, would be affected by any reorganization of the energy area—the creation of a Federal energy administration or the creation of an energy research and development administration—as the Secretary pointed out this morning.

We believe that this arrangement makes a good deal of sense, but frankly the Secretary has really not had an opportunity, because of the innumerable changes, to really demonstrate that drawing all these pieces together will produce the kind of efficiencies that we believe are there.

That does not mean we are disappointed. It is too early to tell how well we are going to do.

Mr. Vogely is here, Acting Assistant Secretary. I am sure he would be happy to make any other comments if you want to get into some specifics.

Mrs. HANSEN. Do you want to make a comment, Mr. Vogely?

Mr. McDADE. Madam Chairman, if you would yield I would like to ask just a couple of questions.

I know there have been a lot of changes. The three, energy data analysis, R. & D. and, conservation have been apparently stripped away.

### FUNCTIONS OF THE BUREAU OF MINES

What about the Bureau of Mines as we have known it? I mean from the standpoint of its three main mission-oriented functions?

You have no intention of changing those three main functions of the Bureau of Mines in this energy chart, do you?

Mr. VOGELY. One of the functions has been moved out. That is health and safety, and that is now a separate organization.

Mr. McDADE. You haven't taken the research arm away from the Bureau though, have you?

Mr. VOGELY. No, sir. The health and safety research remains with the Bureau of Mines, the mining research, metallurgical research, petroleum research programs, and what they now call mineral supply, which is the mineral information system. The Bureau needs to be strengthened, needs to be given a firmer and more up-to-date mission.

I think it would be wrong to say that the changes in energy have not affected the Bureau adversely. They have affected the Bureau adversely, especially from the point of view of the morale of the people there. They read constantly that portions of them may be transferred out, that the energy information functions may be transferred out, and so this has had an adverse effect, but I am confident under the new Director who was confirmed just last week at the Bureau of Mines, Thomas Falke, that the Bureau——

Mrs. HANSEN. I am so used to looking at different Directors of the Bureau of Mines.

Mr. VOGELY. I have every intention as long as I am in this job of seeing that the Bureau is greatly strengthened.

Mr. McDADE. I am delighted to hear that commitment and I know that the new Director will be a fine man, not just because he is from Pennsylvania, but I am delighted to have that commitment, Doctor. Thank you very much; delighted to see you are acting as Acting Assistant Secretary. I hope you stay a long time.

Mr. VOGELY. Thank you.

### MINE ENFORCEMENT AND SAFETY ADMINISTRATION

Mr. YATES. Why is it not the box in Mine Enforcement and Safety Administration under the Bureau of Mines?

Secretary MORTON. Conflict of interest.

Mr. YATES. In what way?

Secretary MORTON. This is my doing. The Bureau of Mines job is really a producing job, is a job of development of this resource. The health and safety functions are separate in that they are aimed directly at the mining climate, particularly underground, and the result is that you have a Director of the Bureau of Mines who is carrying water on both shoulders. I felt that enforcement procedures of the act ought to not be ameliorated or diluted by the development mission responsibility and therefore I felt that it is a legal type of procedure.

It would be better if it reported separately to the Secretary.

Mr. HANSEN. You will recall, Mr. Yates, we had quite a discussion of this at the supplemental as well as in the regular hearings last year.

Secretary MORTON. And it may well end up in Occupation Health and Safety and the President has this under consideration now. The Department of Labor made quite an effort toward getting this responsibility as they have it for all other industry, and I think we are much better off.

Any Secretary can look at it better the way it is now than when it was enmeshed in the Bureau of Mines.

Mr. McDADE. I think you are absolutely right, Mr. Secretary.

Mr. VOGELY. From my perspective of just a month it is much, much better. You have a man responsible to a mission that you can get responses to.

Mrs. HANSEN. The committee last year was convinced after they heard the testimony that this was a needed change.

Secretary MORTON. I am very pleased with the organization the way it is. I think the mission assistant secretaries understand their accountability better than they ever have before. We have still got the problem of relating the mission assistant secretaries to the two prime staff assistant secretaries. There is an involvement there that is difficult but we do think that the staff contributes a very important function and therefore we are having to continually knock heads together in this area. I am not too sure that that is a bad thing either.

Mrs. HANSEN. Thank you very much.

### LIMITATION ON EMPLOYEE HOUSING

In last year's report as in reports over the past several years the committee imposed a $29,000 limitation on the unit cost of employee housing. In the last year several exceptions to this limit were requested. Please provide for the record a statement indicating whether you believe this limitation to be too low and justifying any increases you believe necessary.

Secretary MORTON. Yes, ma'am.

[The information follows:]

### STATEMENTS ON LIMITATION ON THE UNIT COST OF EMPLOYEE HOUSING

Noted below are comments from our several bureaus that construct housing for their employees. The separate comments are noted as the individual bureaus have various problems in their different areas of operation.

#### NATIONAL PARK SERVICE

The current legislative limitation on the unit cost of employee housing (regardless of the source of financing) in the continental United States, Alaska, Hawaii, and the territories is $29,000. This limitation includes engineering and design costs, but excludes provision of utilities to the lot line. Currently, any exceptions to this monetary limitation must be submitted to the Committee on Appropriations in both the House and the Senate for advance review and approval.

The limitation of $29,000 has proven to be inadequate for many areas within the National Park System for the following reasons:

1. In remote or isolated areas, distance from major transportation centers increases the cost of mobilization, labor, and materials disproportionately in comparison to construction costs in metropolitan areas.

2. The type of construction required in the colder regions of the Pacific Northwest increases the cost of labor and materials.

3. Construction of a few conventional housing units on a low volume basis is neither practical nor profitable for contractors. This increases the costs of constructing employee housing in park areas because only a few units are normally needed in any given fiscal year.

4. Construction costs continue to escalate while the limitation remains fixed. For example, the cost indices for general construction have risen by 48 percent, since the limitation of $29,000 was established in 1969, during the 4-year period from 1970 through 1973.

Accordingly, the following alternative courses of action are recommended:

No. 1. Eliminate the limitation altogether for the reasons cited above.

No. 2. Raise the standard limitation to $45,000 to allow for the escalation of construction costs between 1969 and 1973, and (1) provide for future escalation of construction costs by allowing expenditures beyond the standard limitation in accordance with the following language: "plus or minus such amounts, if any, as may be justified by reason of ordinary fluctuations in construction costs as indicated by engineering cost indexes applicable to the types of construction involved herein," and (2) provide for increased costs in isolated or colder areas by allowing expenditures of 15 percent beyond the total of the standard limitation plus the increase to be allowed due to escalation of construction costs.

### BUREAU OF SPORT FISHERIES AND WILDLIFE

The present $29,000 ceiling is inadequate to accommodate construction of a standard 1,300 ft. house at present day prices. Contractor bids are averaging about $25 per ft. now and escalating. The most recent bid experienced by the Bureau was $42,000 for a new national fish hatchery residence in Texas, which was rejected and due to the $29,000 ceiling has not been reissued. On a national average, the Bureau needs authority to award on contracts up to $45,000 for construction of a single family residence.

### BUREAU OF INDIAN AFFAIRS

The Bureau of Indian Affairs feels that the $29,000 limitation on employees' grants will impose problems due to the increased cost of services, supplies, material and transportation. It would seem more reasonable to establish a $45,000 limitation on the Bureau's employees quarters.

### BUREAU OF LAND MANAGEMENT

With the exception of construction of employee housing in remote Alaska locations scheduled for this fiscal year, the Bureau of Land Management has not been involved in constructing any employee housing in recent years. The $29,000 per unit limitation is completely inadequate for Alaska as a result of a combination of factors including the distance from suppliers and manufacturers to site locations, above average labor rates, special modes of transportation required, and extra construction requirements to withstand climatic conditions. The bureau's current plans are to construct two modular dwelling units at each of three remote locations in Alaska. These will average $79,300 per unit. A waiver of the $29,000 limitation was provided for these units in the conference report on 1974 supplemental appropriations.

### PROPOSED LEGISLATIVE ITEMS

Mrs. HANSEN. The 1975 budget contains certain items "proposed for later transmittal, proposed legislation."

We have already discussed the Indian business development and Indian self-determination.

Mr. Secretary, what is the status of that legislation?

Secretary MORTON. We have the whole Indian package up here. Why don't we just run right through the Indian package.

Mr. WILES. We have in the budget projected the $25 million grant fund. We need $4 million for the Indian development fund and $5 million for the loan guarantee fund that would be within the revolving fund. That is the Indian financial package.

Mrs. HANSEN. Thank you.

Secretary MORTON. I think three of the bills have passed the Senate.

Mr. WHITAKER. There are seven bills and none has passed yet but some are quite close.

Mrs. HANSEN. The Appropriations Committee gets blamed for a lot of things that are not their fault. We can only appropriate for authorized activities and the authorizing committees have, in some cases, been slow to act.

*Please place in the record for us the date of the introduction of* these bills, where they are, and how long they have been there.

[The information follows:]

The proposals first transmitted to the Congress in 1970 after the President's July 8, 1970, message on Indian affairs were resubmitted to the 93d Congress on March 15, 1973.

The Indian Financing Act (S. 1341) passed the Senate on July 28, 1973. The House Interior Committee ordered their version (H.R. 6371) favorably reported on January 30, 1974. The report is expected to be filed during the week of March 4, 1974, and we are hopeful for House passage, Senate concurrence in the amendments, and enactment by sometime in April 1974.

The Assistant Secretary for Indian Affairs proposal passed the House (H.R. 620) on October 1, 1973. The Senate passed an amended H.R. 620 on December 14, 1973, and a similar S. 2777 on February 4, 1974. The House Interior Committee rejected the Senate amendments to H.R. 620 as being not germane to the bill. The House Interior Committee has not acted on S. 2777 although the Indian Affairs Subcommittee held hearings on H.R. 12355 which contains the amendments objected to in the Senate-passed version of H.R. 620.

The animal trespass, regulation of traders, and Federal employee trading with Indians proposal was introduced as H.R. 6104, H.R. 6375, S. 1012, and S. 1344. The Indian Affairs Subcommittee of the House Interior Committee held hearings on H.R. 6375 on May 31, 1973. There has been no further action.

The trust counsel authority proposal was introduced as H.R. 6106, H.R. 6374, H.R. 6494, S. 1012, and S. 1339. The Indian Affairs Subcommittee of the Senate held hearings on the proposal on May 7, 1973, and the Senate Subcommittee held hearings on September 27, 1973. There has been no further action.

The three proposals relating to Indian self-determination (H.R. 6372 and S. 1343; H.R. 6853 and S. 1340; H.R. 6376 and S. 1342) have been substantially incorporated in S. 1017 as reported by the Senate Interior Committee on February 7, 1974 and awaiting Senate floor action. There has been no House action on these bills.

Mr. WHITAKER. They have all been there over 2 years.

Mrs. HANSEN. I am sure they have.

### INDIAN SELF-DETERMINATION

Mr. McKAY. Mr. Secretary, as far as the Department is concerned self-determination to you means contract relationship with the tribal organization? Is that what you mean?

Secretary MORTON. No; I wish I could tell you what I mean because we are working on a definition of it but I think that is far too limited.

A lot of tribes feel contracting for these services is a terminating move on the part of the relationship between Government and the Indian people. Some tribes have the feeling that if you sort of suggest or offer them even opportunities to govern themselves that this a terminating factor. So the whole question of the definition of "self-determination," which is sort of a noble word, is a very difficult thing for us all to agree on and certainly it has many connotations in the Indian community.

Mr. McKAY. That is why I asked the question, as to what your position would be.

Secretary MORTON. Our own position is to let the water seek its level and not force the issue anywhere. If some tribes want to contract and want to increase their participation in program management, then let them go that route.

If other tribes don't, then I think we shouldn't pressure them at all because what is self-determination for one tribe might be considered termination for another.

Mr. McKay. But will you be giving them incentives to go that route?

Secretary Morton. Well, no; not the kind of incentives that would be considered to be pressure on our part.

Mr. McKay. Not necessarily pressure, but at least opportunity.

Secretary Morton. What is incentive? It is a way of exercising pressure. The Indian community is so heterogeneous, is so fragmented in its philosophical, cultural approach to life, economic development.

For example, the traditional Indian is a little apprehensive about economic development because of the invasion into his culture that is based on economic development. This is a difficult one. Some tribes in the Pacific Northwest are very aggressive in terms of projects that they want to pursue and investments that they want to make. So you really have to set up a bureau that is capable of tailoring its programs to fit the individual tribe.

Mr. McKay. I think you are right as far as the heterogeneous nature and I have been trying to find a definition even among the Indians themselves in some of the tribes I have met with because I think there are two philosophies, aside from all the rest, and one is, "Look, we want you to feed us hand and foot. We don't want to do anything." And there is another group, "Look, we ought to be able to take the saddle on our backs and begin to manage and move on our own."

I am inclined in my mind to think the latter is the better route. Otherwise they never get on their own to where they really would like to be. So I am looking for a definition myself.

[Discussion off the record.]

Secretary Morton. It is very difficult, too, to define an Indian. We have these arbitrary blood rules that if a person is one-fourth native blood he qualifies as an Indian, but there are a lot of people going around over the country that are one-fourth Indian that don't have any sort of active relationship with the rest of the Indian community as a community.

[Discussion off the record.]

### LAND USE CONTROL

Mrs. Hansen. What is the status of the land use control legislation?

Secretary Morton. Well, as you know, the National Resource Lands Management Act is being considered by the House. We are very optimistic that it will see some action in the Senate in a matter of the next 60 days or so. We have a feel of that and this is one of the most important environmental bills I think that we are likely to look at for a long time. It is very important that it be passed and will give us an opportunity then to do a lot of things to protect the public land that we have been unable to do before.

Mrs. Hansen. What is the status of the mining area protection legislation?

Secretary Morton. Well, a bill was reported out of the Senate Interior Committee, Senator Jackson's committee, and passed the Senate. Now the bill is before the House Interior Committee. There is considerable controversy as to various provisions in that bill and whether we are going to be able to see a good bill that will be able to be mated in conference with the Senate bill or not I think remains to be seen.

### DEPARTMENT OF ENERGY AND NATURAL RESOURCES

Mrs. HANSEN. What is the status of legislation to create a department of energy and natural resources?

Secretary MORTON. Well, there have been some hearings, both on the House side and the Senate side. The Senate had more extensive hearings on the Department of Natural Resources. I think in the House there were more extensive hearings on the community development bill.

But since the interest seems sort of low in this, the administration decided to take an intermediate step and then proposed the creation of ERDA and then the Federal Energy Office as two intermediate positions that would eventually be melded together. I think really the stage of the legislation on the Department of Natural Resources, is at the status quo because of jurisdictional problems in the Congress itself.

Now, whether the Bolling report will begin to clarify this and whether Congress will address itself to the jurisdictional matter in this Congress in my opinion is very doubtful. You would know more about that than I would.

Mrs. HANSEN. I don't think anybody knows where that is going at the present time.

Secretary MORTON. Well, I have no problem with legislation that goes before various committees as a member of the executive, but the Congress does have a problem with it and I can remember when I served on the Interior and Insular Affairs Committee that there was a very possessive attitude on the part of the chairman and probably that accrued to the advantage of the Department over the years, but he didn't like people from our Department testifying before other authorizing committees, Commerce, for example, or Agriculture, or any number of committees on legislation, and so all those years we were sort of contained, but I have no feeling about this.

I testified before Commerce on the powerplant siting bill and I have testified before other committees on energy and other matters, but I don't realistically believe the Congress will reorganize through legislation as dramatically as this particular appropriation calls for until it has a better concept of its own jurisdiction.

### OIL SHALE LEASING

Mrs. HANSEN. What is the current status of the oil shale leasing program? We discussed this to some extent this morning.

Secretary MORTON. Dr. Vogely is here and he is familiar with it. We are in the process of offering tracts. We are offering one a month for 6 months, which are in three different States, two tracts in each State, and I think Dr. Vogely might want to give the committee a little bit of a feel of where the program is going and what the purpose of this leasing is.

Mr. VOGELY. The leasing program we are embarked on is a very carefully designed one to allow us to develop substantial information before commitment one way or the other to the oil shale resource.

We have held two successful lease sales on two tracts in Colorado.

Mrs. HANSEN. At what point in time does your environmental impact statement come into play?

Mr. Vogely. The enviromental impact statement on all of these sales has been issued as a final statement, was a long time in preparation, and is part of the public record.

Mrs. Hansen. For the committee's information, would you send up one typical environmental impact statement on one of your proposed leases?

Mr. Vogely. Yes; all of the leases were covered in a single environmental impact statement.

Mrs. Hansen. Would you send a copy up?

Mr. Whitaker. We will send a summary volume.

Mr. Vogely. It is six volumes.

Mrs. Hansen. It will not be inserted in the record, but I do think there may be members of the committee who would be inquisitive enough to see what some of the conclusions are.

Mr. Vogely. Very good.

Mrs. Hansen. And also what some of the challenges are. Some of us are well aware of the problems involved but I think others might want to review what some of those problems are. It is a great deal easier, as you know, Mr. Secretary, to talk about the oil shale problem than it is to actually encounter the successful production of oil from it.

Mr. Vogely. The next step once a lease is issued is that the lessee must file within 3 years a plan for development of that lease and we are already in discussion with the lessee on the first Colorado tract concerning his plans. You will also be interested to know that we have knowledge that four private oil shale developments are at various stages of commencing and so it may very well be that oil shale as a product will become more important quicker than we had formerly thought.

Mrs. Hansen. One further point.

Last year I believe in the supplemental the Geological Survey requested money for research on the water problem in the oil shale areas. Are the lessors working with the Geological Survey on this important problem of water?

Mr. Vogely. Yes. We discovered as we prepared for these leases that there was a very large saline aquifer in this oil shale area. The figure sticks in my mind of 27 million acre feet of water, a very large aquifer, and the stipulations and the mining plans must take full account of the proper management of this water.

Mr. Yates. May I ask a question?

Mrs. Hansen. Yes.

### NUMBER OF ACRES BEING LEASED

Mr. Yates. How many acres are being leased?

Mr. Vogely. We are planning six leases and each lease is approximately 5,000 acres.

Mr. Yates. Thirty thousand acres?

Mr. Vogely. Approximately, yes.

Mrs. Hansen. What are the total number of acres involved in the oil shale resource?

Mr. Vogely. I can't name that but it is in the millions I believe. It is very, very large.

Mr. Yates. How long are the leases to be?

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Mr. VOGELY. The leases have a primary term of 20 years. However, the lessee must file with us within 3 years a proposed development plan and the Secretary has the authority to require, if that plan is not adequate for diligent development, that the lease be terminated.

In other words, there must be diligent development of the lease.

Mrs. HANSEN. They just can't take them and sit there.

Mr. VOGELY. No.

Mr. YATES. Are you developing any prototypes?

Mr. VOGELY. The Government is not developing any prototype oil shale program other than what you have in the energy research and development package. This program is a leasing program for private development.

Secretary MORTON. This will end up serving the purpose, though, of a demonstration type of industry because we are going to require at least 50,000 barrels a day of production.

Mr. YATES. By when?

Secretary MORTON. As part of the leasing. We have to do that on the basis of the individual plan because some of these plans could move faster than others, but within the concept of the diligent development proposition we certainly will expedite the plan in a way that we get oil as soon as possible and get it at least within those quantities.

Because of the size of the investment that these people have made in their bonus money I think we probably will be seeing something considerably in excess of 50,000 barrels a day, probably maybe as much as 75,000 or 80,000 barrels.

### STATE OF OIL SHALE SCIENCE

Mr. YATES. What is the state of the oil shale science or art in the extraction of oil from shale?

Secretary MORTON. There are two aspects of it. I think Bill can talk to that. But one is the mining problem and the disposal problem on the one hand. The other is the technical aspects of retorting and reducing the shale itself.

Then there is a third process which we have a great deal of hope for, at least that it can be used in certain areas, and that is a reduction of shale right in the ground in situ without taking it out.

This work has been carried out by a good many people including the Bureau of Mines over about the last 20 years, so I think the state of the art is certainly ready for a demonstration size operation.

Mr. YATES. Have you any idea as to what we can produce a barrel of oil for out of shale?

Secretary MORTON. This is also speculative but the figure that we went into this program with that everybody thought was a realistic figure, and of course based on costs, at that time was $5 a barrel.

Mrs. HANSEN. Does that include reclamation, also?

Secretary MORTON. I think it does. I think that includes total cost. This is a tough thing. This is why we need a demonstration size operation so we can really get a grip on the size of those problems and solutions.

Mrs. HANSEN. Are you going to use varying techniques? They have testified before us there are varying techniques of extraction.

Secretary MORTON. We would expect that. We have much more control over this than you would under normal mineral leasing.

Mrs. HANSEN. Would you like to send us a copy of the lease that you have made?

Mr. VOGELY. Yes; that is in the environmental impact statement.

Mr. YATES. It will be lost in there, won't it, if you are sending up six volumes.

Mr. VOGELY. We will send you up a separate copy.

[NOTE.—The information was supplied to the committee.]

### NUMBER OF OIL SHALE LEASES

Mr. YATES. What is the total number of leases you are going to give?

Secretary MORTON. Six.

Mr. YATES. And that is all, 30,000 acres?

Secretary MORTON. That is all over now. A little bit I think will depend on the kind of pressure that we all get under from this energy problem and my position is that we best go ahead and perfect a demonstration size operation before we go any faster.

We would have no control over what happens on private lands and we expect to see some action on private lands.

Mr. VOGELY. I think it should be emphasized that we are going to offer six leases. We have had a very healthy market for the first two in Colorado but these were by all odds the best of the six leases. We will know early next month when we offer the first Utah tract, the interest in Utah.

Now, the Wyoming oil shales are of much lower quality and we simply don't know what kind of interest there is going to be in those leases.

Mr. YATES. Why isn't this the same kind of situation as you have with coal gasification? Why shouldn't the Government construct a prototype? Why shouldn't you carry on the Rifle project, for example, to the point of where you are able to cooperate with industry in turning out a process that you know is going to——

Secretary MORTON. Because I think we have reached the point in time where industry has got the green light on it and is ready to go.

Mrs. HANSEN. Does the Government possess the very critical kind of techniques so that they could step right in, for example, to get this on the line. I understand the Government per se has not done any extensive extractive experimental programs on oil.

Secretary MORTON. We ran the Bureau of Mines plant out there for several years.

Mr. YATES. Is this the one at Rifle?

Mr. VOGELY. Yes; the retorting technology which will probably be used is a direct descendant of that developed by the Bureau of Mines.

### DEVELOPMENT LEASES

Mr. YATES. You say a direct descendant. There is something here that I don't grasp. You have testified that you are going to have six development contracts.

Mr. VOGELY. Six leases.

Mr. YATES. Six leases, all right. Presumably this is for the development of a process.

Mr. VOGELY. No; this is for the production of oil shale.

Mrs. HANSEN. Based on the research performed by the Bureau of Mines.

Mr. VOGELY. And the research which industry has done, too. But these are production leases. These are not research leases. These are production leases. For the first lease we issued which was in January, the holders of that lease have already come to us with preliminary development plans and it looks like they are going to build a very large scale plant very quickly to mine and produce shale oil.

Mrs. HANSEN. What is the cost of a plant for this program?

Mr. VOGELY. A 50,000 barrel day plant including mining will have a capital cost of very close to half a billion dollars.

Mr. YATES. How can the industry recover then?

Secretary MORTON. Because there is a lot of oil there.

Mr. VOGELY. They will produce 50,000 barrels of oil a day, and if they can sell that oil at what they are estimating the prices to be, there is an acceptable rate of return.

Mr. YATES. Do you control the price?

Secretary MORTON. No, sir.

Mr. YATES. Isn't that paragraph in the lease that you talked about a few days ago?

Secretary MORTON. I don't think it is.

Mr. YATES. It was an old oil and gas lease. Where is counsel for the Interior Department?

Secretary MORTON. He is not here today. He was here.

Mr. YATES. He was going to look up——

Secretary MORTON. We talked about it at lunch the other day and he has it already for you.

Mr. YATES. What did he tell you?

Secretary MORTON. They are running it by the Solicitor and when you run things by the Solicitor it takes a week or two. Lawyers won't give you a quick answer. They have to go in the library a while.

Mr. YATES. But it is a question of fact as to what leases that paragraph was in.

Secretary MORTON. I think in the discussion we had about that lease, the paragraph was in there because of some legislative reason other than the Leasing Act of 1920 if I am not mistaken, but I can't answer the questions on that paragraph.

Mr. YATES. All right.

We will wait until counsel comes in. But I thought that was a pretty good paragraph and I thought you would want to put it in all your leases.

Secretary MORTON. That we are going to fix prices?

Mr. YATES. No; that you had the power to control, one, the price for the production from the land, and second, to prevent monopolies.

Secretary MORTON. I don't think we want the power to control the prices.

Mr. YATES. Well, suppose they start charging $11 a barrel.

Secretary MORTON. They are going to be in a free market. Assuming they are going to be in a free market and if the free market gets all out of line, you use things like the Cost of Living Council approach because everybody else will be in it. You will have all kinds of problems and you have to solve that at one place and not just here setting the price at $1 a barrel or whatever it is.

### LEASING ROYALTIES

Mr. Yates. What is the royalty you are getting from the leasing?

Mr. Vogely. The royalty is established on the basis of royalty for mining and it is a cents per ton royalty which escalates with the quality of the shale and escalates with the price of reference crude oil in Utah, Wyoming or Colorado.

Mr. Yates. Is there an average?

Mr. Vogely. The basic royalty is 12 cents a ton for 30 gallon per ton shale.

Mr. Yates. What does this mean in terms of barrels of oil?

Secretary Morton. The average probably is 20 gallons per ton.

Mr. Vogely. Thirty gallons a ton.

Secretary Morton. That is the richest, isn't it?

Mr. Vogely. But that is about all they will mine. 20 to 30 gallons per ton. The leases are designed to get the bulk of the Federal revenue from the bonus payment, not the royalty payment. The royalty is not high.

Secretary Morton. Then when we get into leasing in a big scale beyond this demonstration level, there again we should review this whole matter of royalty versus——

Mr. Yates. This is all part of what you are going through for the next 60 or 90 days.

Secretary Morton. Right. We would be going through this one longer than that because these demonstrations are not going to be proven for 4 or 5 years.

[Discussion off the record.]

### WATER AND DISPOSAL OF SPOILS

Mrs. Hansen. You do not know the problems you are going to have with water and the disposition of your spoils?

Secretary Morton. Today, even at today's prices, projected prices of $7 or $8 a barrel, I would call this a very high-risk operation.

Mr. Vogely. Maybe I could clarify that.

The retorting process has been well proved at perhaps a thousand barrels a day. The commercial plants are 50,000 barrels a day. This is a problem of scaling up from a proved demonstration to a commercial size plant which has considerable risk in it and also, we simply do not know what the costs are going to be.

Now the mining is much more certain than the retorting because it is really standard mining techniques, which were proved out in the Rifle mine quite clearly. But the thing that has to be proven over the next 4 to 5 years is the impact of the environmental restrictions which we have built into these leases, because we are not simply requiring that these leases be developed economically; we are requiring they be developed in an environmentally acceptable manner.

Mrs. Hansen. Because these will set a pattern for the entire future?

Mr. Vogely. That is right.

Mrs. Hansen. We know now, is this not true, that had we set a better pattern in strip mining many years ago that we would not have some of the problems today. You have two problems I can think of of major consequence to the entire West, water and the spoils.

Mr. Vogely. Revegetation of the spoils, that is correct.

Mrs. HANSEN. This is going to be something astronomical. When you think of all the rock dumped over this land, I can envision nothing but asphalt play fields.

Secretary MORTON. I wonder if I could send the Under Secretary to a meeting of the Under Secretaries. He is trying to get us some money.

Mr. WHITAKER. I am trying to get some more money out of Malek.

Mrs. HANSEN. Very well.

### DISTRIBUTION OF OIL FROM OIL SHALE

Mr. YATES. Are you going to have any problems of distribution on oil shale?

Secretary MORTON. Of the oil itself?

Mr. YATES. Yes.

Secretary MORTON. I would not think so.

Mrs. HANSEN. What about refineries?

Secretary MORTON. I cannot visualize at that level of production any problems at all. The current pipeline grid serving both refineries and product would tie right into it.

Mrs. HANSEN. How about adequate transportation, Mr. Secretary?

Secretary MORTON. You are only going to move the oil, not the shale.

Mr. VOGELY. The oil will move; if they get established, they can build a spur pipeline very easily to a main pipeline into Chicago.

Mr. YATES. That is good.

### COST OF OIL SHALE RESEARCH

Mr. McDADE. Doctor, would you put into the record for me, as best you can, the amount of money that we have spent through the Department on researching the oil shale question and your best estimates, if you can, of what industry has done? Do not do it now but put it in the record.

Mr. VOGELY. Yes.

[The information follows:]

The Bureau of Mines has been conducting research on oil shale technology since 1916. Over this 58 year period, some $49.3 million has been spent. Since about 1969, the expenditures by the Bureau have averaged about $2.5 million per year.

Many companies in private industry are conducting research related to oil shale as indicated by an increased flow of patents; however, little information as to the scope and cost of these activities is available. The Colony Development Operation, a joint venture involving the Oil Shale Corporation, Standard Oil of Ohio, Cleveland-Cliffs Mining, and, since 1969, Atlantic Richfield Oil Company is reported to have spent approximately $23.5 million since 1969 perfecting underground mining-surface processing technology. Including earlier experimentation, the cost for this program is estimated to total $55 million.

Also of current interest, Development Engineering, Inc., a Denver consulting firm, recently leased the Bureau of Mines experimental oil shale facility near Rifle, Colorado, for research on retorting and related environmental considerations. This program was originally scheduled over a five-year term at a minimum cost of $2.5 million; the retort to be investigated is similar to the Bureau's gas-combustion system. More recently, 15 additional participants, including major petroleum and utility companies have provided funding for expanding this research to a $7.5 million program.

Research by private industry and past work by the Government has advanced the mining and surface processing system for shale oil production to the point of commercial reality. Engineering scale-up to a commercial level is now required and, based on announcements by Colony and the response to the Department's prototype leasing program, industry is now prepared to move forward.

### ESTIMATED DATES OF SIGNIFICANT PRODUCTION

Mr. McDADE. I have seen estimates of expected significant production from oil shale and I have seen dates; at the earliest one can expect it is in the period 1990.

What would be your most optimistic estimate as to when one might expect significant production from oil shale lands, assuming that the Nation decides it wants to make that commitment? What is the earliest time in your judgment?

Mr. VOGELY. I believe that you could get——

Mr. McDADE. Significant production, now.

Mr. VOGELY. Significant production is a difficult thing to define.

Mr. McDADE. Right.

Mr. VOGELY. But I believe you could get a 50,000-barrel-per-day plant on one of these leases in initial production within 5 years from today.

Mr. McDADE. Within 5 years?

Mr. VOGELY. That probably does not mean 50,000 barrels a day 5 years from today. It probably means a start-up of perhaps a fifth of that, and, within a couple of years after that, 50,000 barrels a day.

Mr. McDADE. The Nation is currently experiencing an estimated shortfall of petroleum products of about 1 million barrels a day. Suppose I was to ask you to factor in 1 million barrels a day from oil shale production, can you give any kind of estimate as to when something like that might occur?

Mr. VOGELY. I would guess the earliest to be approximately 1990. The contribution to our oil supply I think will come much quicker from other sources, particularly the outer continental shelf, than from oil shale.

Mr. McDADE. I think you are right. I think we have testimony from the Secretary that if that program advances you are talking about 5 years from the time of the bid on through.

Mr. VOGELY. Yes, sir.

Mr. McDADE. That probably allows for perhaps more orderly development of a more difficult environmental problem.

Mr. VOGELY. That is right.

Mr. McDADE. But if you say 5 years for a plant that would bring on 50,000 barrels a day, suppose I was to shorten that figure considerably and say we are talking about 100,000 barrels a day, which is significant if you are talking about a shortfall of 1 million, and that is the figure I have seen most frequently——

Secretary MORTON. I question that figure. Do you mean shortfall from—from what?

Mr. McDADE. The statistics are—and we can do this off the record, because I do not want to get all over the record the semantic differences.

[Discussion off the record.]

### ENERGY RESPONSES

Mrs. HANSEN. Mr. Vogely, would you place in the record the various energy responses which will be made, in the order of their response?

Mr. VOGELY. I will be pleased to, right now.

Mrs. HANSEN. Please do.

Mr. Vogely. The initial response, which has already begun, is increased drilling for oil and gas on onshore resources in response to better prices for petroleum and gas. That is already taking place. Drilling has gone up. This will discover oil which will be produced quite quickly.

Mr. McDade. What does that mean?

Mrs. Hansen. What is the time frame?

Mr. Vogely. If you make a discovery, you are in production in a matter of months; your response becomes quite quick.

The second response is: We began to lease at a much higher rate on the Outer Continental Shelf at the beginning of last year; we have held major sales throughout 1973; we are holding major sales in 1974. The development of these leases is proceeding quite rapidly. You will see significant production in a time frame of 5 or so years from this effort.

Mr. McDade. Doctor, can you define in any way significant production? What do you mean?

Mr. Vogely. We are currently producing 1 million barrels a day on the Outer Continental Shelf. We would expect that to increase to 3 to 4 million barrels a day by 1980.

Mr. McDade. By 1980?

Mr. Vogely. By 1980; and to begin to increase significantly toward that figure by 1975.

Then the trans-Alaska pipeline will be here in 1978–79, if we are lucky, which is an additional 2 million barrels a day.

Mr. McDade. 1977?

Mr. Vogely. No; not 1977; not 2 million a day. Two million a day by 1979 or so.

A second pipeline will probably be justified from the Arctic within 2 or 3 years following that date, which gives you another major injection. There could be a gas line around that same time frame, 1980–81, which gives 3 million cubic feet per day of gas; and then you begin to get significant production from synthetics, gasification plants, and oil shale, by the mid-1980's.

Now, another major element which I must mention is a substantial increased contribution of coal in the generation of electricity. Through better technology in cleaning up coal and perhaps some relaxation in the timing of secondary efforts, we would hope the contribution of coal could go from approximately 500 million tons to 1 billion tons over the next 6 years.

### SECONDARY AND TERTIARY RECOVERY

Mrs. Hansen. What about secondary and tertiary recovery?

Mr. Vogely. That begins to come on in existing fields in a matter of a year or two, and we would hope it would be built into the production of new fields as they are developed.

Mrs. Hansen. Doctor, how many fields will complete production as this new technology is developed?

Mr. Vogely. This increase in productive capacity through secondary and tertiary recovery and new drilling will be offset in part by declining production from existing fields. Production in the United States has actually been declining now for the past 3 or 4 years. It peaked, I believe, in 1971. So what we are talking about is turning around a declining trend.

### NATIONAL ENERGY DEMAND

Secretary MORTON. I would like to add one thing, something that really shakes your confidence in the whole program. We have been experiencing exponential growth in demand that has resulted in doubling the demand figure every 15 years. If you go back to 1970, and Mr. Vogely will check me on these figures, I think the average demand for the year 1970 was in the neighborhood of 15 million barrels per day. That means that in 1985, if that was not curtailed through any disciplinary type of approach, concentration of energy approach, you are looking at 30 million barrels of oil a day recognized demand in 1985.

Now, it seems to me that in order to make any of this come out even so that we can keep the economy reasonably strong and dynamic during this period of time until supply catches up with demand, we are going to have to reduce the growth curve of demand down to something like 2 percent a year.

Mr. VOGELY. For petroleum, yes.

Secretary MORTON. That is the whole thing. This is why it is dangerous to think in terms of, beyond the summer, a million barrels a day. Whether this Nation can be successful at reducing its energy demand from 6-percent annual increase to 2-percent annual increase really remains to be seen.

Mr. McDADE. Let me make a comment here.

The figure that I have used of a million barrels a day is meant to mean now, not 5 years from now, not 2 years from now, not 1 year from now; it is meant to mean now. One of the things that bothers me about that long-term picture, when I see those exponential growths, is the way we use the resources. The decline in this use of our most abundant fossel fuel, coal, to manufacture electricity, a demand that is now doubling every 10 years, presents a real problem.

What can we do about it?

### COAL MINING

Secretary MORTON. One of the things we have to do is, we have to be completely unsatisfied with our present deep-mine mining technology. We have put more money into it this year, if funds are an example.

Mr. McDADE. Right.

Secretary MORTON. But we have to encourage the coal people to stay in business rather than to go out of business. We have dropped from 45-percent energy contribution down to 17-percent energy contribution in a relatively small period of time.

One of the things is that the economics of the coal business has been an up-and-down business, kind of like the chicken business. You have not had the desire on their part. All coal companies have been doing with their capital over the last few years is to try to diversify, put that money somewhere else.

Mr. McDADE. You cannot blame them.

Secretary MORTON. No, you cannot.

Mr. McDade. When they are made to compete with a fuel like natural gas, which offers a higher Btu at lower cost, and a price structure that rewards increased industrial and commercial use, we open a Pandora's box.

Secretary Morton. I know; it is kind of backward.

Mr. McDade. How could they compete?

### SYNTHETIC COAL

Secretary Morton. We have to give them some assurances. One of the things I would like to do, I would like to put a floor on the price of synthetic fuels and the Government say, "We will contract to buy the unsold portion of these synthetic fuels at a price," a price that would be established that would provide return on investment, which in turn would make the whole thing viable from a borrowing and banking point of view.

Mr. McDade. What do you mean by synthetic coal?

Secretary Morton. I am talking about coal gas and coal liquid, synthetic fuels from coal. You could do this under the Defense Production Act because you could have that fuel commensurate with the amount of energy that the Defense Department itself uses.

Admittedly, if things go kind of bad, they would be paying too much for it, but at least you have the industry. This way you do not have the industry. I do not know how you are going to get from Point A, 600 million tons a day, that is the metallurgical plus the boiler coal, up to say 1.2 billion in the timeframe that bill is talking about. I just do not see where it is.

Now if you go into the northern Great Plains—and you just dig all the northern Great Plains up—you have the coal on the ground but it is in Wyoming, it is in Montana, it is up there out of position. Where are you going to get the railroad cars and how are you going to move it around? What is the backup system?

It takes 4 years to get a big shuffle. I think we are talking too much about the end product, coal gas, and not enough about getting the coal out. That is why I want to spend $55 million or more and hopefully we can get more on mining technology. We have to automate the mines in this country.

Mr. McDade. We sure do.

Mr. Yates. What progress are you making in that?

Secretary Morton. We got $55 million. We gave you the figure in the statement about the number of dollars we put in there, in this coal and oil shale mining research area.

Mr. Yates. What are you getting for the dollars put in?

Secretary Morton. We do not have your bill passed yet. We have to get these dollars from you. That is why I am up here today.

Mr. Yates. What happened last year?

Secretary Morton. We are moving, we are beginning to move in this year, but I will be very frank about it. There has not been a willingness on the part of anybody to expand coal mining. I think one of the reasons, Sid, is that people felt it is unclean and unsafe. It is kind of an industrial leprosy.

Mrs. Hansen. You also have a problem with your labor force?

Secretary Morton. Right.

Mrs. **Hansen**. I believe the Bureau of Mines testified that the average age in mining was between 45 and 50.

Mr. **McKay**. Fifty-five in my State.

Mrs. **Hansen**. This was about 3 years ago.

Secretary **Morton**. It is 10 years older than the other industry making the same money.

Mr. **Vogely**. We are getting a small benefit from the woes of Detroit. Some of the coal miners are coming back home.

Mr. **McDade**. Off the record.

[Discussion off the record.]

### FIRST OIL SHALE SALE

Mr. **Evans**. Have you finished talking about oil shale?

Mrs. **Hansen**. No; I have one more question.

How do you account for the serious discrepancy between the high bid of $210.3 million in the first oil shale sale and your public estimates before the sale that the high bid would be $50 million at the most? What actions have been taken to correct your estimating procedures?

Secretary **Morton**. Well, in my belief, the main error was in the price of oil. We carried the price of oil in our estimates far too low. Industry carried them much higher. I guess the adjustments have been made.

Mr. Vogely can tell about the different procedures that he has put into effect. Now we are coming out pretty good.

Mr. **Vogely**. Yes; we did extremely well. We want to keep the information confidential until all the sales are over because it would reveal very significant information if we told you our procedures. I will tell you that we, too, were very shocked and we found that these decisions on presale evaluation had been made by technicians at a relatively low level in the Department, and we have now instituted a procedure whereby the secretarial level of the Department establishes the criteria for prebid evaluation.

Mr. **Evans**. Will the Chairlady yield?

Mrs. **Hansen**. Yes.

Mr. **Evans**. To what extent, if any, was this misjudgment influenced by a lack of knowledge of the state of the art that the company that bid the successful bid had actually come to——

Mr. **Vogely**. Not at all.

Mr. **Evans**. Nothing at all?

Mr. **Vogely**. Not at all.

The major element, as the Secretary stated, was the assumed price of oil.

Secretary **Morton**. You have tremendous numbers of barrels of oil down there under these leased areas. If you think you can get out half of them and you think it is worth $2, that is one thing; if you think you can get 55 percent out and it is worth $7, that is more than the difference. So it is a matter of price.

### ENVIRONMENTAL IMPACT STATEMENT—AVAILABILITY OF WATER

Mr. **Evans**. I am trying to comprehend and get through the impact statement that was filed with regard to the development of oil shale. I am still struggling to get through it.

Mrs. HANSEN. We have asked them to send a copy to the committee.

Mr. EVANS. The outstanding facts that came to my attention were that, as I recall, your statement estimated that if you were producing 50,000 barrels a day, that you figured that that would mean around 48,000 new people to this area of Colorado, and if you worked up to 1 million barrels a day, we would be talking about 114,000 additional people.

Now Colorado is, as you know, water-short. I understand there is a feeling you can develop production water from underground closed basins. Maybe that is true, maybe it is not. But I assume your judgment of this in your impact statement was based on the availability of water and that you felt water would be available, otherwise, you would not have let the leases.

Would that be a correct assumption?

Secretary MORTON. I hope it is. This is something we did not do alone on an island. A lot of work the State of Colorado itself has done—on oil shale and on the whole development of the State land use and water use plans that are required. I do not think we were head-to-head or in a confrontation against the State's natural resource development plan.

Now whether we dotted all the i's and crossed all the t's as far as the amount of water that is going to be used or conserved by this process and the people engaged in it or not, I am not able to say. Maybe you have a better feel of it, Bill?

Dr. VOGELY. The water for the leases which we have issued, is there. Your issue comes when you talk about the full-scale mining industry that Congressman McDade was talking about. Then clearly you get into the entire West and it gets to be a very major problem. If energy is to be developed in the West, if you are going to have coal-gas generation and mine mouth generation plants, then the availability and use of that water becomes a very critical natural resource decision.

The Department is very cognizant of this and we are involved in a major planning effort in water for this project.

Secretary MORTON. I tried to sell the State of Utah on the idea of not making the trans-mountain diversion of water. They are taking water out of the oil shale area and bringing it over into the Salt Lake City Basin. This is a decision not made lightly. It is made by people who are very, very responsible.

Governor Rampton himself participated in this. I felt this trans-mountain diversion of central Utah water was a risky thing for the State. I also think the Kaiparowitz plant is a very risky thing for the State.

We have an application for a big coal-fired plant that is going to use an awful lot of water and all the electricity is going to Los Angeles. The question that I have in mind is, does Utah want to use its water to sell power to Los Angeles, whereas, if you do not put that plant in there, you can force Los Angeles to build some light water nuclear plants with plenty of water, on the coast of the Pacific Ocean.

Mr. EVANS. Denver is hoping to develop it and we may have the same problem.

### AREA AND PERIOD COVERED BY LEASES

Secretary MORTON. That is right. That is why I am in hopes we are going to have this land use legislation.

Mr. Evans. These leases are 5,000 acres for a term of how long?

Secretary Morton. Twenty years, and they come back to us at the end of five if they do not develop it.

### NUMBER OF PEOPLE INVOLVED IN PRODUCTION

Mr. Evans. If they develop and carry on through that period of time, do you have a statement of what a lease of 5,000 acres will mean in terms of people in that area involved in the production of oil from shale?

Dr. Vogely. I can furnish that. I do not have it here.

Mr. Evans. I would appreciate it.

[The information follows:]

Oil shale development will generate both temporary and permanent employment within the region; the total will depend on the size of the facility, the number of such facilities being constructed at any one time, and the number of plants being operated at any one time. We have estimated various mixes of development in our environmental impact statement for the prototype oil shale leasing program. Assuming that one plant of 50,000 barrels per day is to be constructed, this would require about 1,500 people directly involved in its construction and about 700 people for related urban construction. Some 1,400 jobs would also be created to support these construction workers and their families. In total, about 3,600 people would be employed in building the plant and in supporting its development. The total population associated with this plant (employees plus families) would approximate 8,600.

The number of people required to operate the plant would be less than the number required to construct it. We estimate that operating employees would range from 900 to 1,300 people and that support jobs during operations would approximately 1,000—a grand total of 1,900 to 2,300 new employees. Total population, including employees and their families, would approximate 6,000 people during the plant operating phase.

### SOCIAL DEVELOPMENT OF LEASE AREAS

Secretary Morton. There has been a lot of talk that we should get into the socioeconomic aspects and the social development of the State, that we should provide infrastructure, new towns, housing, all that. If the thing is economically sound, there is no real reason why the Federal Government should get into that. Colorado should have the capacity to carry out its own land use plans.

Mr. Evans. I am glad you brought that up, because that was going to be my next question. That is, whether you or the administration would have objection to changing the law as it now applies to these funds that come to the State, to expand the use of these funds from just roads and schools as determined by the States, to roads, schools, and water and sewer and other facilities that may be necessary arising out of the development of this oil shale?

Secretary MORTON. I think we already expressed ourselves on that. I think the general revenue provisions put forward by the administration certainly provide the kind of flexibility whereby these developments can be put together.

Mr. EVANS. But Mr. Secretary, this is going to be different from selling timber and grazing. This may result in a significant production of the shale oil. If you continue to earmark it for schools and roads, this does not seem to me to be sound policy.

Secretary MORTON. What would you prefer to do?

Mr. EVANS. To open it up to whatever the State legislature may determine it to be.

Secretary MORTON. Your general revenue sharing funds are open. The State has complete flexibility over those.

Mr. EVANS. If that is the direction one wants to go. That is not the direction this one individual wants to go.

Mrs. HANSEN. The only reason that forest funds are handled the way they are is that they are actually an in lieu tax for the Federal lands.

Mr. EVANS. I understand that, Madam Chairman. We are looking in the future toward the creation of brand new communities.

Mrs. HANSEN. I would never base it on Forest Service language.

Secretary MORTON. I feel very strongly that if this oil shale is an economic success, that it is going to have all of the back up systems that it requires, because this is no greater impact, for example, on Colorado than a large assembly plant that Black and Decker is building near the little town of Easton.

Mr. EVANS. The difference would be that they pay local taxes.

Secretary MORTON. Sure they pay local taxes, but the payroll and everything else, all of the houses that are developed there, will pay local taxes. You also have a tremendous amount of mining in the State, lead, zinc, and everything else on public lands. It has never been done before.

Mr. EVANS. I am not too happy with the way it is being done now, either.

Secretary MORTON. I do not know. It depends on how much Federal money you want to put back into it—how much in taxes you want to raise in the Federal sector. I think you are probably talking about a tremendous amount of dough, if you are talking about the whole coal and oil shale development.

Mr. EVANS. I am talking about the current law applying to the disposition of funds that come to Colorado if oil is produced from shale, hoping that the States could make up their minds to use it for more things than just schools and roads.

Secretary MORTON. Thirty percent of the royalty or 37.5 percent of the royalty goes to the State now. What you are saying——

Mr. EVANS. Under those constraints, that they be used for roads and schools, period.

I would like to have that broadened for additional things that the States would like to apply those funds to, beyond it.

Secretary MORTON. Like what?

Mr. EVANS. Like water and sewer systems for new communities that will obviously become burdened by this.

Secretary MORTON. That is something we might want to look at. I would think that your bonding, credit and everything would probably be sufficient to do this. But again, the first thing you ought to have is a good land use plan, so you know whether you want to go with this bill at all or not.

Mr. EVANS. Colorado is——

Secretary MORTON. Is moving ahead.

Mr. EVANS. Is a long way toward getting that. But that does not produce the dollars.

### LEASE LANGUAGE RELATIVE TO PRICE SETTING AND ANTITRUST

Secretary MORTON. Madam Chairman, Mr. Brown is back if Congressman Yates wants to ask him about the thing in the paragraph.

Mr. YATES. Yes. We were talking about leases before and there was a great void because you were not present. Now that you are back, perhaps the void can be filled. What was the lease that that paragraph was in?

Mr. BROWN. That paragraph was in all the leases that are let under the Mineral Leasing Act of 1920, which means in the case of oil and gas, all onshore leases. Offshore leases, on the outer continental shelf, are let pursuant to the Outer Continental Shelf Act. So you have a different statutory base.

The Mineral Leasing Act of 1920 specifies that all leases of all minerals pursuant to that act must contain that language.

Mr. YATES. Why should it not be in the Outer Continental Shelf leases as well?

Mr. BROWN. Congress did not put it in there specifically.

Mr. YATES. That does not mean it cannot go into the leases, does it?

Mr. BROWN. No. I think there may be some authority for putting it in. However, the language for the setting of prices and that sort of thing has never really been administered by the Interior Department. I can only speculate on the reasons for it, but until recently, of course, the problem was not too high a price. Domestic procedures were in serious competition with offshore oil which was at a much lower price. Today I think we are looking to agencies with broader responsibility over price such as the Cost of Living Council and the administration's whole thrust on wage and price control to handle that side of it.

As far as the antitrust language in there, I think we are looking toward the Department of Justice and the antitrust section to handle that.

Mr. YATES. You are optimistic, are you not, about that?

Mr. BROWN. We like to think we are not.

Mr. YATES. You are not putting it into the oil shale leases then?

Mr. BROWN. Yes, it is in the oil shale leases.

Mr. YATES. It is in the oil shale leases?

Mr. BROWN. That is correct.

Mr. YATES. Because those leases are under the old act?

Mr. BROWN. Yes, sir.

Mr. YATES. Your research did not carry you back to the reasons for the paragraph, did it?

Mr. BROWN. I cannot tell you right now, although we can try to supply it for the record.

Mr. YATES. Why Congress originally put it in?

Secretary MORTON. I would be willing to bet that the legislative history would show it is in there because of the fear that the prices would be too low and not too high.

Mr. YATES. Not with respect to monopoly?

Secretary MORTON. No, prices.

Mr. YATES. I think the language, flowing as it does into a monopoly freeze too, might come to a different conclusion.

Secretary MORTON. There is no monopoly in any of these businesses that you know of?

Mr. YATES. In the oil business?

Secretary MORTON. No. There are enough people in the oil business. I think it is one of the most competitive businesses that we have, particularly at the production level.

Mr. YATES. Well, you differ from the Federal Trade Commission.

Secretary MORTON. Yes.

Look at the number of people that are in the oil drilling business. Now the distribution is something else.

Mr. YATES. Distribution is something else?

Secretary MORTON. About 12 or 14.

Mr. YATES. Distribution and refining?

Secretary MORTON. Well, the refining. In some way we may have to do something about that, because refineries are so capital-intensive now, you cannot build them. They are like this oil retort. This little refinery they want to build up in New Hampshire is around $300 million.

Mr. YATES. Who wants to build that? Is that Onassis?

Secretary MORTON. A couple of people offered to try to build it, but I do not think they can get sited.

Mr. YATES. Can they raise the money for it?

Secretary MORTON. Yes, they can raise the money. Pitts and Cole wanted to build one up there, Onassis wanted to build one up there, two or three other people, but nobody has been able to get sited.

Mr. YATES. Thank you.

## GEOTHERMAL LEASING PROGRAM

Mrs. HANSEN. Please review briefly for us the status of the geothermal-lease program and the coal-leasing program.

Secretary MORTON. The status of the geothermal-leasing program is that we have identified some known tracts of geological significance and we have a sales program on that. We have also opened up the rest of the West for prospecting for geothermal-resources programs. I do not think we have actually any leases let.

Dr. VOGELY. Yes, sir. The program involves a monthly filing period and then at the end of the month we look at the applications and determine if any should be competitive, if they are overlapping.

In the first filing period which opened January 1, we received over 2,500 applications, covering most of the Western States, a lot of them from your area.

Mrs. HANSEN. I am sure.

Dr. VOGELY. There was a competitive sale held in three areas of California. I believe the decision just last Friday was to issue seven of the nine tracts with two of the leases being postponed.

Mrs. HANSEN. Dr. Vogely, I am sure you are working very closely with the Geological Survey in this area.

Dr. VOGELY. Yes.

Mrs. HANSEN. Because currently we don't have adequate knowledge on how deep you can go into the Earth's crust. Many geophysical facts that the average layman does not realize could portend disaster for an area, if the facts or the terrain are not known. Isn't this correct?

Dr. VOGELY. This is correct. There is a substantial increase, still a relatively small amount of money but a substantial increase, in this kind of investigation in the 1975 budget.

## COAL LEASING PROGRAM

On coal leasing, the Secretary's current policy is to issue leases under stated criteria of coal needed to keep ongoing mines going, et cetera. We have underway the Northern Great Plains study, with which you are familiar; an environmental impact statement covering the entire leasing program; and the Bureau of Land Management has underway a coal-leasing evaluation system. All of this is leading to decisions about coal leasing in the third quarter of this year with respect to overall coal-leasing policy. Most coal leasing is in abeyance while these studies are conducted and evaluated.

### REACTIVATION OF ABANDONED AREAS

Mrs. HANSEN. Has there been any discussion on the subject of abandoned mines? For example, you have old mines in western Washington and in the Cascade area. Has there been any discussion of what possibilities there are for reopening these mines and using the balance of the coal that is there, or an evaluation of what the total worth of the areas are?

I use this only as an example of what probably exists all over the country. Ours were abandoned in the 1920's because of the price of oil and the lonk strike. The State then converted to the use of oil in all of its facilities; therefore, the coal mines became unprofitable and were abandoned.

What is the status of such an investigative effort?

Dr. VOGELY. I will have to go to the record.

Mrs. HANSEN. Please insert the information in the record.

[The information follows:]

Two important factors must be considered in any decision to reactivate old coal mines and/or to develop or revitalize production in former coal-producing areas. These considerations involve not only the short term feasibility of reactivation from the viewpoint of a physical sense of being able to economically accomplish the task, but also involves the long term consideration of the economics needed to initiate such action. Reopening a long abandoned underground mine could be more costly than to establish a new mine in that area. Further, the decision to do either is based purely on market economics. There is little doubt that the coal producers do not know that U.S. coal production must be increased sharply and within a short timeframe. However, there is considerable risk to the coal operators investing additional huge amounts of capital in a fuel market demand that is not clearly defined, not only as to quantity but also as to quality of the coal product over at least the period of time needed to amortize that capital investment.

The Department of the Interior has studied the opening and closing of bituminous coal and lignite mines in the United States. A study was made by the Bureau of Mines for the years 1970, 1971, and 1972. The Bureau's study shows that during that 3-year period 1,585 underground coal mines were closed, while 609 new underground mines were opened. There was a net gain in production of approximately 12 million short tons of bituminous coal and lignite. During this same 3-year period 1,052 surface mines were opened with an estimated total production of over 137 million short tons. No statistics were available on surface mine closings, therefore, it was not possible to determine how much of an increase or possible decrease was realized from surface mining operations.

A summary of the reasons for the closings of the 1,585 coal mines were reported as follows:

823 mines or over 52 percent were worked out.

154 mines or 9.7 percent were due to enforcement of more stringent health and safety legislation.

79 mines or about 5 percent were due to poor market conditions, or poor quality of coal produced.

75 mines or 4.8 percent were due to adverse mining conditions.

17 mines or slightly over 1 percent was due to personnel problems.

and the balance of the mines that closed did not identify their reasons for closing. It is significant to note that over half of the mines closed during that 3-year period closed for a normal reason—the coal was worked out—and that poor economics of operation accounted for only roughly 10 percent of the total mine closings. A copy of the Bureau of Mines' Mineral Industry Surveys issued November 1973 on the subject, Bituminous Coal and Lignite Mine Openings and Closings in the Continental United States 1970, 1971, and 1972 is enclosed for the record.

## ENERGY-RELATED RESEARCH FUNDS FISCAL YEAR 1974 AND FISCAL YEAR 1975

Mrs. HANSEN. The President's 1975 budget includes large requests for energy-related research. Please insert at this point a complete tabulation of all energy research funds appropriated in 1974 and requests for 1975 for the Department of Interior.

Mr. WILES. I have it here.

[The information follows:]

DEPARTMENT OF THE INTERIOR
Budget Amendment--Accelerated Energy R&D Program

Analysis of Proposed Funding
($ millions)

| | Total 1974 Request | FY 1975 Regular Budget | FY 1975 Budget Amendment | FY 1975 Total | Increase, FY 1975 compared with FY 1974 |
|---|---|---|---|---|---|
| **Bureau of Land Management** | | | | | |
| Outer Continental Shelf environmental studies | 1.1 | 1.1 | 9.7 | 10.8 | 9.7 |
| **Bureau of Reclamation** | | | | | |
| Geothermal studies | 1.8 | 1.3 | -- | 1.3 | - 0.5 |
| **Bureau of Sport Fisheries and Wildlife** | | | | | |
| Energy environmental studies | -- | 0.2 | 0.8 | 1.0 | 1.0 |
| **Geological Survey** | | | | | |
| Oil, gas and oil shale resource investigations | 5.3 | 8.7 | 4.6 | 13.3 | 8.0 |
| Coal resource and environmental studies | 1.2 | 1.4 | 1.5 | 2.9 | 1.7 |
| Hydrologic research: coal, oil shale and other | 1.5 | 1.5 | 2.5 | 4.0 | 2.5 |
| Geothermal resource investigations | 2.7 | 2.6 | 7.1 | 9.7 | 7.0 |
| Uranium/thorium resource investigations | 1.2 | 0.9 | 3.2 | 4.1 | 2.9 |
| Energy: environmental studies | 0.4 | 1.6 | 4.5 | 6.1 | 5.7 |
| Energy-related non-fuel investigations | -- | -- | 0.5 | 0.5 | 0.5 |
| Energy resource data system | -- | -- | 1.4 | 1.4 | 1.4 |
| Subtotal, USGS | 12.3 | 16.7 | 25.3 | 42.0 | 29.7 |
| **Bureau of Mines** | | | | | |
| Coal utilization research | 13.8 | 14.5 | 43.6 | 58.1 | 44.3 |
| Coal and oil shale mining technology | 7.5 | 7.8 | 44.3 | 52.1 | 44.6 |
| Oil and gas technology | 7.5 | 7.9 | 14.1 | 22.0 | 14.5 |
| Oil shale conversion technology | 2.6 | 2.9 | 0.1 | 3.0 | 0.4 |
| Minerals processing energy end use study | 0.2 | -- | 0.5 | 0.5 | 0.3 |
| Geothermal research | 0.3 | 0.3 | -- | 0.3 | -- |
| Low-grade uranium processing | 0.2 | 0.2 | 0.9 | 1.1 | 0.9 |
| Subtotal, Bureau of Mines | 32.1 | 33.6 | 103.5 | 137.1 | 105.0 |

| | Total 1974 Request | FY 1975 Regular Budget | FY 1975 Budget Amendment | FY 1975 Total | Increase, FY 1975 compared with FY 1974 |
|---|---|---|---|---|---|
| **Office of Coal Research** | | | | | |
| Direct coal combustion | 14.2 | 19.7 | 14.3 | 34.0 | 19.8 |
| High-btu gas from coal | 25.4 | 24.7 | 13.1 | 37.8 | 12.4 |
| Low-btu gas from coal | 19.7 | 29.0 | 20.0 | 49.0 | 29.3 |
| Coal liquefaction | 43.5 | 51.0 | 28.6 | 79.6 | 36.1 |
| Advanced cycles/gas turbines | 9.6 | 5.25 | 7.45 | 12.7 | 3.1 |
| Supporting technology, administration | 11.0 | 5.35 | 22.85 | 28.2 | 17.2 |
| Synthetic fuels pioneer program | -- | -- | 42.1 | 42.1 | 42.1 |
| Subtotal, OCR | 123.4 | 135.0 | 148.4 | 283.4 | 160.0 |
| **Bonneville Power Administration** | | | | | |
| Ultra-high voltage transmission research | -- | -- | 5.5 | 5.5 | 5.5 |
| **Office of the Secretary** | | | | | |
| Electric power transmission research | 2.0 | 3.0 | 5.5 | 8.5 | 6.5 |
| Energy conservation and conservation research | 5.9 | 10.0 | 12.9 | 22.9 | 17.0 |
| Subtotal, Department of the Interior | 178.6 | 200.9 | 311.6 | 512.5 | 333.9 |
| RELATED PROGRAMS | | | | | |
| **Bureau of Land Management** | | | | | |
| Coal leasing studies | 1.2 | 1.8 | -- | 1.8 | 0.6 |
| **Bureau of Mines** | | | | | |
| Coal Mine Health and Safety Research | 27.0 | 27.7 | -- | 27.7 | 0.7 |
| **Office of the Secretary** | | | | | |
| Office of Research and Development | 0.6 | 2.0 | -- | 2.0 | 1.4 |
| Office of Energy Data Analysis | 2.8 | 5.0 | -- | 5.0 | 2.2 |
| Subtotal, Related Programs | 31.6 | 36.5 | -- | 36.5 | 4.9 |
| Total, Interior Department Accelerated Energy R&D Program | 210.2 | 237.4 | 311.6 | 549.0 | 338.8 |

### MANAGEMENT OF THE OFFICE OF COAL RESEARCH

Mrs. **Hansen**. What improvements have been made in the management of OCR? I am sure you are aware of my feelings on that subject.

Dr. **Vogely**. Since OCR is now my baby, at least for a period of time, let me respond to that. The Office of Coal Research, with the 1974 and 1975 budgets, has gone from a relatively narrow organization to a very large one. What we have done is, announced a major reorganization of the Office of Coal Research to develop a superstructure that can manage a $300 million program, which is a different ball game than what they have been in.

William Gouse is Acting Director of OCR. We are actively recruiting a full-time director plus several assistant directors for different program areas. It is a major concern to us. It does involve infusion of a lot of new talent. We are working on it.

Mrs. **Hansen**. I agree with the Secretary's earlier statement. I think more joint management of the OCR and Bureau of Mines, would be most helpful.

Dr. **Vogely**. Yes. We have established that through Mr. Gouse and the Office of Research and Development. We are undertaking joint management of those two programs from the point of view of no overlap and standard procedures and all the rest. This is very important.

Secretary **Morton**. One of our problems with the Office of Coal Research is that it has an inordinate amount of influence directed on it by certain Members of the Congress.

Mrs. **Hansen**. I understand.

Secretary **Morton**. They are so interested that they think they ought to run it. I did not mention any names.

But I do think that this is the thing we have to get a grip on. It is something that all of my predecessors told me about. This was my lunch with Udall, my lunch with Seaton, my lunch with all the rest of the former Secretaries.

Mrs. **Hansen**. You have a great many Members of Congress who are not executives but want to be.

Secretary **Morton**. We do a lot of hiring of people too based on recommendations other than by our own personnel.

Mrs. **Hansen**. I understand.

Dr. **Vogely**. Madam Chairman, I wanted to put in the record at this point, and I think it is very important, that we are enforcing the policy that all major contracts from OCR now go through the standard request for proposal and competitive procedures. Many of the contracts in the past had been sole source negotiated. That simply will not happen in the future.

### IMPACT OF OCR FUNDS WITHIN THE NEXT 5 YEARS

Mr. **McDade**. Doctor, may I ask this question: There is a substantial amount of money flowing in that is cumulative now. Do you see any of that money that is going into OCR having an impact in a period of less than 5 years?

Answer that for the record if you want.

Dr. VOGELY. Yes, I will reserve judgment because I do not know what their new major contracts are.

[The information follows:]

Some of the funds going into OCR for relatively near term impact, while others are for mid-range and long-term. With respect to the near term, the most likely contribution will come from our program in low-Btu gasification to produce clean fuel for electric powerplants and our fluidized bed combustion effort to permit direct use of coal in electric power generation. We expect to see these technologies demonstrated on a sufficient scale to warrant commercialization before 5 years have passed.

In the mid-range, it is likely that our liquefaction processes to produce a low-grade liquid, that is a clean boiler fuel, will reach commercial stage on the order of 6 or 7 years—perhaps faster—depending on our technical progress. It is likely that this will be based on either the solid refined coal process in its simplest form or that process combined with a little hydrogenation to produce a liquid at room temperature. At this point, several of our high Btu pilot plants are moving along very satisfactorily. If that progress continues, it is possible that we will be demonstrating a commercial scale pipeline gas plant on the order of 5 years.

While that demonstration would not mean a significant impact on the energy system, it would be a significant impact in terms of the planning of the energy system of the country.

Secretary MORTON. Addressing that question is probably very, very difficult. When you are managing research, either in the Government or in industry, it is difficult to be able to make a prediction as to when a given block of money is going to pay off. If you knew that, then research would not be research, but we would be in a different ball game.

Mr. McDADE. Well said. I do not ask the question to try to elicit an unrealistic answer. I think when we presuppose what you have said, and knowing that, I think that makes for a more informative answer. I think we want to know too, though, where the resources are going. You and I have talked about the possibility of spending this money getting coal out, rather than on gasification plants, which I understand roll out at $700 million a copy; is that right?

Capital costs of building a full-scale gasification plant is $700 million, is that not right?

Dr. VOGELY. Give or take a few hundred million dollars.

Mr. McDADE. We are going to spend how much in coal research?

Dr. VOGELY. $200 million.

Mr. McDADE. It is more than that, almost $300 million for that.

Dr. VOGELY. For 1975.

Mr. McDADE. I am sorry. That is what I meant. So when we look at the budget, we like to know where that money is going to pay some dividends, too.

Dr. VOGELY. I think next month when Dr. Gouse and I are here you can push us harder on that one.

Mr. McDADE. Fine.

Secretary MORTON. Another aspect of this thing is the fact that as these products become economically more viable, the amount of research that will be conducted by the Government should reduce considerably because it is profitable and companies will begin to move in it.

By and large, when you add all the private sector research it is many, many times that.

### FUTURE SHORTAGES IN OTHER MINERAL AREAS

Mrs. HANSEN. What is the likelihood that the Nation will face a crisis such as the energy crisis in other mineral areas in the near future, and what is being done to respond to this possibility?

Secretary MORTON. I think the likelihood of a similar type of crisis is very remote. On the other hand, I think that for our economic security and well-being we should begin doing some things to insure adequate supplies of minerals—particularly those that we do not have in this country but we use abundantly in our economy.

Mr. YATES. Do you mean stockpiling?

Secretary MORTON. Yes, of some types of materials, such as——

Mr. YATES. Like the ones the administration just sold?

Secretary MORTON. Well, they did not sell it—they sold the stuff we have a lot of. They have not sold all our manganese yet.

Mr. YATES. How about copper?

Secretary MORTON. We have an abundance of copper now, particularly with Alaskan copper. But we do not have manganese ore, we do not have chromite, we do not have a long list of stuff where I think some stockpiling is in order.

I think the first thing we ought to know more about is the world supply. We are beginning to study that. We should begin to develop demonstration and pilot programs for the reduction of low-grade ores that we have. That will be an insurance policy against being cut off from high-grade ores from offshore sources, particularly where we have only a few suppliers. Bauxite would be an example. We get our bauxite from relatively few countries. We have an abundance of low-grade ore in this country. Therefore, it might be well to set up the technology-producing type of demonstration industry that would insure us a secure supply if we had to have it. We are beginning to study all of the feasibility in this area.

We are assuming the worst, and if we assume the worst and if we learn how to combat it and learn how to avoid any sort of shortages under very adverse conditions, then I think we can assure that no such crisis will ever happen to us—certainly in the foreseeable future.

Mr. EVANS. You say you are assuming the worst. I think that is probably a sound thing to do, Mr. Secretary. Under those circumstances, are your thoughts turning to what could be done under a national policy of changing tax laws which would provide incentive for production of low-grade ore that now is not economically feasible to mine?

Secretary MORTON. Yes, the tax aspect of it is being studied. A good many people are involved in this. We have a Cabinet level task force in the Domestic Council which I chair, a subcommittee in the Domestic Council, that is engaged in this effort across the board.

Mr. EVANS. Do you have any time in the future that you are aiming towards?

Secretary MORTON. I think we ought to take the Materials and Minerals Commission report, and all other data. I think we certainly, during the balance of this administration or within the next year, really, should be able to come up with a modernized minerals and materials policy in which we can do this. I do not think you can do it in much less time than that. It is exceedingly complex.

Also, there is a problem, if we go too fast and too hard and make too much noise about it, that we may make even more unstable some of our offshore supplies. We do not want to threaten any of our suppliers with possible loss of our business. At the same time, it is a thing we ought to constantly work on. It is the kind of thing if we had been working on for say 10 years on the energy side, we may have avoided some of the difficulties we have now.

Mr. EVANS. I am pleased to hear you say what you are saying. I think we all want to escape in the mineral and metals area that which we have experienced in the energy field.

Secretary MORTON. We have done some rather significant things that are not in the purview of the Department. But the Department of Commerce has dramatically lowered the export licenses of exportable scrap from I think 12 million tons a year down to 7.

I think there is even a further reduction planned. This has, of course, an economic effect on some of our important trading partners and is a difficult thing from that point of view to accomplish. This represents a decided change in our minerals policy because this means that this scrap, instead of being available to the Japanese or Koreans or whoever else, other customers of ours, would be available to our own industry and would become part of our mix, reducing the iron ore required.

I think those kinds of things are necessary. Yet the balance-of-payments people are always a little bit nervous about any kind of reduction. We are now selling about $1 billion worth of coal, a large portion of it, $700 million, of which is metallurgical coal—coal used in the making of steel, going through the coking process. We are selling an awful lot of logs, as you know.

All of these materials going overseas make me apprehensive that we are not really maintaining the inventories that we need to maintain, and yet the economic side of trading with the rest of the world, is that if we are going to buy things from other nations, we have to sell things.

## REFORESTATION

Mr. EVANS. You know, Mr. Secretary, your speaking about timbering reminds me of something this committee is very interested in. That is a good strong affirmative policy on reforestation so that we can catch up.

Secretary MORTON. So are we. I could not agree with you more. I think we have an opportunity to multiply by some real multiple the amount of renewable structural material, namely, wood, for our grandchildren. We are not foresting a lot of areas in this country that can be forested.

Now we are doing a pretty fair job, with some glaring exceptions, of reforesting lands that are already forest lands, but a tremendous amount of land has been cleared in this country that in my opinion is subject to reforestation. This is especially true around the cities, suburban areas, and around the farms. The old farm woodlot has gone out of style and I think this is a tragedy.

Mr. EVANS. Thank you, Madam Chairman.

### INDIAN EDUCATION

Mrs. HANSEN. Mr. Secretary, what progress has been made in working out an improved Indian education program in cooperation with HEW? Dr. Ottina, the Commissioner of Education, had not the vaguest idea of what the Johnson-O'Malley program was all about. As you remember, the committee directed in its fiscal year 1974 report that the BIA and Department of HEW review the impact aid program and report to us on what improvements could be instituted. Would you insert in the record the status of that report? I don't want HEW to continue to be unaware of the Bureau of Indian Affairs educational programs.

Secretary MORTON. We will put this in the record for you. We made quite a bit of progress. I had a long meeting with the new commissioner who is very much on top of this. You will get a much more detailed rundown on it when you meet with him, but I have a rather comprehensive statement on it and I will put it in the record.

[The information follows:]

### BUREAU OF INDIAN AFFAIRS—HOUSE REPORT—FISCAL YEAR 1974 (PP 10–11)

### INDIAN EDUCATION ACT

Last year Congress passed the Indian Education Act. Congress provided $18 million for implementation of this act in the 1973 supplemental appropriation bill. The President proposed to rescind this appropriation but Congress did not concur. It is expected that these funds will be obligated before the end of fiscal year 1973 and available for the coming school year.

Because the applications for assistance under this act from eligible school districts have just come to the Department of Health, Education, and Welfare, the Department could give the committee no basis for making a reasonable projection of requirements for the coming fiscal year. They have assured the committee that when the requirements are known, the information will be supplied to the committee so that consideration can be given to proper funding.

The committee directs that both BIA and the Department of Health, Education, and Welfare review the impact-aid program, the Johnson-O'Malley program, and the Indian education act program and provide recommendations so that all Indian children will have an equal education opportunity. The committee also requests the BIA to review and reassess the Johnson-O'Malley distribution formula. The committee cannot emphasize too strongly that it is deeply interested in the progress of Indian education, but it wants the funds for these programs to be managed with complete fiscal responsibility so there is equity among the children served by them.

A joint task force of USOE and BIA officials has been appointed.

A preliminary outline of a study has been developed to cover the following:

1. General background: (A) Role of the Federal Government in Indian education. (B) History of BIA and USOE in Indian education. (C) Scope of the problem.

I. Statistics and Narrative
II. How Federal Funds Operate (According to Law)
III. Role of SEA in use of Federal Funds
IV. Role of BIA in use of Federal Funds
V. Role of LEA and/or Schools
VI. Role of Local Government in Policy Direction of Federal Funds for Indian Education

2. How Federal funds actually operate at: (data to be drawn from sample of cases). (A) BIA-USOE level (who makes policy decisions on use), (B) State-regional level (who makes policy decisions on use), (C) LEA–local level (who makes policy decisions on use), (D) school level (who makes policy decisions on use).

3. What administrative changes can Federal agencies make to better coordinate the use of Indian education funds?

(A) Study and evaluate: Regulations, guidelines, conference schedules and information dissemination procedures, application forms, reporting documents and requirements assurances.

(B) Recommended changes to above for the purposes of: Elimination of duplication, dissemination of information, joint planning.

(C) Schedule to implement changes and report procedures, to Congress.

(D) Recommend changes in the existing laws or for further study of Specific parts.

At a meeting on January 16 the following items were agreed upon: (1) In the next few weeks the instrument for the survey would be developed with input from both agencies. (2) USOE would begin to set up meetings with major educational organizations in order to gain clearance, and support for the upcoming study. (3) Meetings with major area and State departments of education with large enrollments of Indian children would be scheduled to discuss the study and to sensitize them to the need. This will include all phases of programs benefiting Indian children.

In regard to the review and assessment of the Johnson-O'Malley distribution formula, the Bureau has finished a preliminary study which surveyed income from all sources in representative school districts, nationwide, and a preliminary report has been furnished the Department. Our findings indicate: (1) It is not possible to use JOM funds to "equalize" educational opportunities for Indians, but, rather States must find a way to equalize funding behind all students, and then JOM funds can be added to provide additionally for Indians. (2) No mathematical formula can be applied to the present situation. Each school district's needs must be considered individually, and the rather limited JOM funds distributed considering needs of the school districts, the special needs of Indian students and the expressed needs of the Indian parents.

This report will be finalized at the same time as the joint USOE/BIA task force report.

## RECREATION AND WILDLIFE

Mrs. HANSEN. Last year, because of drastic reductions in the Land and Water Conservation Fund, Congress directed that $18 million be set aside to be available to States which had exhausted all prior apportionments. How much of the $18 million has been obligated to date? How many States have been involved?

Secretary MORTON. Fifteen States have been involved and I think we are at about the $6.9 million mark. We anticipate that it will all be obligated?

Mrs. HANSEN. Do you want to insert in the record a list of the States that have been involved?

Secretary MORTON. Surely.

[The information follows:]

**OBLIGATIONS FROM SPECIAL ACCOUNT AS OF FEBRUARY 25, 1974**

| | |
|---|---|
| Arizona | $324, 288 |
| Georgia | 250, 000 |
| Kansas | 117, 665 |
| Louisiana | 299, 535 |
| Minnesota | 429, 000 |
| Mississippi | 400, 000 |
| New Jersey | 338, 439 |
| New Mexico | 149, 342 |
| North Carolina | 69, 964 |
| Ohio | 840, 000 |
| Pennsylvania | 1, 511, 122 |
| Tennessee | 534, 138 |
| Texas | 923, 535 |
| West Virginia | 212, 211 |
| Wisconsin | 501, 533 |
| Total | 6, 900, 772 |

### EFFECT OF ENERGY CRISIS ON RECREATION AREA VISITATIONS

Mrs. HANSEN. What is the expected impact of the energy crisis on visitation to parks, refuges, et cetera, under your jurisdiction? The committee is well aware of the fact that your large parks out in the middle of the country may have a reduction in visitations but what about those in the urban areas?

Secretary MORTON. I have a feeling, Madam Chairman, that this is going to be a shift in the center of gravity, perhaps away from the big western, particularly intermountain State parks to the closer parks. We anticipate very heavy visitation to the Hatteras National Seashore, Assateague National Seashore, Shenandoah, and parks on the west coast the same way. I think it is a little hard to tell what the net result will be, but I think we will see a shift away from the less densely populated areas of the central west to higher visitation in the more urban-oriented parks.

### NATIONWIDE OUTDOOR RECREATION PLAN

Mrs. HANSEN. The nationwide outdoor recreation plan was finally released late last year. Please briefly describe its recommendations and what the administration has done to implement them.

Secretary MORTON. It doesn't really have many recommendations, to tell you the truth. It is a pretty bland document in my opinion.

Mrs. HANSEN. After all these years?

Secretary MORTON. Yes. I think there was a fear on the part of some that we might be talking our way into coming up and asking for an awful lot of money. I think OMB put a damper on some of the creative thinking, but I think what it does do is it outlines the status quo of our national recreation. It runs down the results I think, which prove up the worth of the land and water conservation fund. I think it also proves up the policy of converting nonused Federal lands, military reservations, other properties, new park properties to recreation lands, and I think it concludes that the American people like outdoor recreation.

To be very candid, I remember I was on the authorizing committee that insisted that such a national outdoor recreation plan be forthcoming. I said at that time that this is the sort of thing that is very difficult to pin down, in all honesty, and I didn't give it much hope then. I got argued down pretty hard on that position by the late John Saylor.

Mrs. HANSEN. As long as you have OMB sitting down there.

Secretary MORTON. Well, really we have a $300 million land and water conservation fund concept going. I am looking now at the possibility of a much broader application of this. I think one of the things that the recreation plan did, and maybe I belittle it a little too much, is it actually has made us all aware of really the demand that the public has for broadening our recreation facilities—not only in the Government sector but the private sector. I think what we have to do is better define the program compared to what we have now. We have done some rather remarkable things. One of the things, for example, is in bicycle trails and bicycle paths. Here in the District of Columbia the National Trail Organization has had a whole new stimulus. The back packers are a real political force and I am glad to see that. I just met with the American Horse Council. There are 8 million horses in this country, more than there have ever been, and the council is organized and wants more facilities for riding trails. The whole area of off-road vehicle management and discipline and programing is a thing that has become a reality as in the program in the California desert area.

I don't want to imply that we are not really very active in this area because we are. On the other hand, I don't think there was anything in the national recreation plan that gave us a new way to go. I think what it said is, "We are going pretty well, there is a demand for recreation, the Government has a role in it, and keep going and perfect what you have."

### CONCESSIONAIRE FACILITIES

Mrs. HANSEN. Mr. Secretary, as the trend of visitations shifts another thing will happen, I am sure. People who went for 1 day to a facility probably won't waste their gasoline to go for 1 day but will go for a longer time. I hope the Park Service is taking a look at some of their concessionaire facilities because there is going to have to be a change of some kind. Some of them need a heavy investment and I dare say that at the present time it is difficult to get the concessionaires to make improvements. I will use the example of Mount Rainier National Park. Anybody that sleeps in their lodge might as well take a fire bucket to bed with them because it is a fire hazard.

Secretary MORTON. A new experience.

Mrs. HANSEN. It is really a fire hazard. People I am certain from out of State, for example, are not going to go there for just the 1 day. I only use it as a typical example. I think you will want to examine some of the things that will happen because of our energy problems.

Secretary MORTON. I think you are absolutely right. We may have a change in pattern of visitation. In other words, it may be extended through camping and this sort of thing. I really am concerned about the whole concession problem. I believe we are going into a part of history where this whole thing has to really be looked at with a very, very keen eye, as to whether we are going in the right direction.

There are a great many park people now, ardent conservation people, that feel that concession has served its time and that we should move away from concessions and now with modern transportation the areas around the park are the logical areas for most of the kinds of facilities that are in the park and the parks should not be developed with overnight accomodations and all the rest of the more or less elaborate facilities. I am looking at Yosemite as a typical example. Yellowstone perhaps is another one. But I have a feeling that a lot of concessionaires are in trouble. They are not doing well and the consequence is their service perhaps has had to be curtailed a little bit and the whole idea of the concession has to be looked at. We are in the process of doing that. It is a very difficult thing to get a handle on but we are trying to do it.

### MANAGEMENT OF REFUGES AND HATCHERIES

Mrs. HANSEN. Last year the administration proposed transferring management of certain refuges and hatcheries to State and local government. What is the status of this proposal?

Mr. WILES. Since that time there has only been one action taken and that was leasing the Fairport National Fish Hatchery at Iowa. Both this committee and the Senate Appropriations Committee were notified of that action along with Congressman Dingell.

Secretary MORTON. Let me address myself to this. I think maybe we have been misunderstood and I want to make sure it is clear in the record. We have not in any way reduced our programs on the refuges that deal with the protection of wildlife. The only thing that we have done is that we have slowed down the great boom that we had going in visitor facilities and the whole idea of turning a wild refuge into a park.

I wanted to just put on the record that I think the first responsibility under all of the statutory provisions that I have ever seen is for the protection of wildlife. The matter of visitor centers, parking lots, and interpretive programs, is all secondary to the basic mission of protecting wildlife.

Mrs. HANSEN. I don't think your greatest problem involved any of those situations. It was in those instances where you had lakes and beaches and people came and would swim. I wonder if you have talked to the States relative to this so that there is some protection in the matter of lifeguards. I think the States should be aware of these situations and accept their responsibility. I can think of a refuge in my own county which has problems and there is a very good beach built by the Army Engineers. This is what the committee has been concerned about. We have been trying to avoid accidents in these swimming and boating areas by at least encouraging that they are posted in some way, that this shall not be used for swimming or boating.

[Discussion off the record.]

### JACKSON HOLE AIRPORT EXPANSION

Mr. EVANS. What decision, if any, have you made on expansion of the airport at Jackson Hole?

Secretary MORTON. We are writing impact statements. We haven't made a decision. We have the impact statement to write, and we have been in discussion with the FAA and I think the FAA will be willing to participate in a regional study to see what alternatives can be offered to that program.

We have never been able to study the alternative properly. We haven't had the capacity at the Department to do it. We don't know enough about that business.

Mr. EVANS. Are you leaning one way or another now?

Secretary MORTON. I personally am.

Mr. EVANS. Which way are you leaning?

Secretary MORTON. If I ever got into court I would have to tell you which way I am leaning. I haven't read the impact statement and therefore I would be preempting the decision. I won't do that. You ought to know from my history, though, which way I am leaning. If you can't figure it out you don't know me very well.

[Discussion off the record.]

Secretary MORTON. One of the problems of the area is that because of the nature of terrain and the nature of everything else, alternate airport sites in that area are hard to come by. But I don't believe there has ever been a proper study, by properly qualified people of what the regional requirements to serve that part of the country with good first class air travel are. I think somewhere along the line this has to be done before any major changes are made.

Mr. YATES. Can FAA authorize expansion of that airport without your okay?

Secretary MORTON. I don't think they can. No, they can't. They are very happy to help us.

Mr. YATES. Is that on Federal land?

Secretary MORTON. Yes; it is in the park.

Mr. YATES. In the park itself, that is right. I wasn't sure whether it was on the edge.

Secretary MORTON. It is right on the edge but it is in the park. But the whole question, it seems to me, doesn't boil down to that. Obviously none of us wants to make jetports out of national parks but what we do feel is necessary because of the history of the whole thing is that a real first-class study be made as to how you can serve that area.

You have several communities that depend on air traffic and air service in that particular area.

Mr. YATES. But they are being served by air facilities now.

Secretary MORTON. Yes; but the type of aircraft they are being serviced by is being phased out. They are using propeller type aircraft. It is the old Convair that has been converted into a propjet.

Mr. YATES. I saw small jets there when I was there.

Secretary MORTON. There are small ones. But commercial jets, the 727 size and DC-9 size cannot commercially——

Mr. YATES. Not the turbojets, but the F-27.

Secretary MORTON. Yes; they can go in.

### PUBLIC TRANSPORTATION WITHIN THE NATIONAL PARKS

Mr. YATES. One of the problems that I was told about when I went to several of the national parks was related to the use of buses to bring tourists in rather than having them come in bumper-to-bumper with their automobiles. I assume the gas shortage will change this in some measure. When I went to Grand Canyon National Park there was a possibility of using the train service, for example. I wonder whether you have explored that further?

Mrs. HANSEN. In the Park Service justifications you have an excellent discussion of the success of the programs in the various parks where this has been tried. I had not had a question on this today because the Park Service justifications do have an excellent discussion of their experience in this area.

Secretary **Morton**. Of course we have been very successful in Yosemite where we have used this clean type of bus in the valley there and kept the cars on the edge. They are going to expand in two other parks—I forget which ones they are now.

Yes; Everglades is one. Then of course we use the public system in McKinley.

Mr. **Yates**. What about the rail service to Grand Canyon?

Secretary **Morton**. I can't answer that. I don't know. Knowing the Park Service and their sort of eagerness to explore all things as that, I am sure they have talked to it. This would be of the Santa Fe system, or was it Southern Pacific. I went to the park once on a train.

Mr. **Yates**. How many years ago was that?

Secretary **Morton**. It is a long time ago; 1933, I think.

Mrs. **Hansen**. Interestingly enough, in Mr. Yates' own area we asked Mr. Walker to do some exploratory work on using the transit service into the Indiana Dunes and nobody seemed a bit interested. It is not the Park Service's fault.

Secretary **Morton**. We have a tremendous transportation problem coming up in these two Gateway Parks. I think this is going to be something, in New York particularly, that we really are going to have to work on.

### NATIONAL PARK SERVICE FEES

Mrs. **Hansen**. Public Law 93–81, passed August 1, 1973, severely restricted fees which could be collected at National Park Service facilities. What impact has this had on revenues, and what is the status of legislation proposed to correct this situation?

Secretary **Morton**. We probably lost around $4 million as a result of it. Remedial legislation is now before both authorizing committees, House and Senate.

Mr. **Wiles**. It has been introduced in the Senate, and I understand hearings were held there on February 8. I don't know where it is in the House.

Mrs. **Hansen**. Thank you very much, Mr. Secretary, for a very comprehensive and excellent report today. We appreciate it.

Mr. Yates.

Mr. **Yates**. No more questions, Madam Chairman.

Mrs. **Hansen**. Mr. McKay.

Mr. **McKay**. No questions.

Mrs. **Hansen**. Mr. Evans.

Mr. **Evans**. No questions.

Mrs. **Hansen**. Mr. McDade.

Mr. **McDade**. Thank you, Julia.

### STATISTICS—LANDINGS OF OIL

Were we able to develop any statistics that we talked about? I would like to go over them.

Secretary **Morton**. The statistics that Congressman McDade wanted were the landings of oil back to the Shah of Iran. He wanted landings and the trend this year versus last year, and he also wanted refinery production and, I would assume, crude oil going to refineries.

**Mr. McDade.** Yes; and what sources of finished products we have that we aren't now getting.

**Dr. Vogely.** Do you want those for the record, or did you want me to try to give them to you right now?

**Mr. McDade.** You don't need to put them in the record, I guess. You can give them to me individually if you want to.

**Dr. Vogely.** I would prefer to deliver them to you tomorrow afternoon.

**Mr. McDade.** Fine.

**Dr. Vogely.** It is easier to do it that way. Trying to talk gets very complex.

**Mr. McDade.** I want you to do it the most informative way you can for me. I simply close by offering my congratulations to the Secretary for another outstanding job.

This has been again a very helpful and informative day for all of us, and I would like to think that one reason you are so good—and I don't think I have ever seen a better one across this table, and I have been here I guess 10 years—is because of your old alma mater up here on the Hill that has helped you a lot. We really appreciate your efforts, Mr. Secretary.

**Secretary Morton.** Thank you. I appreciate the support of the committee. I hope that any time you want information you will ask for it, and as many times as you would like to visit facilities of the Department, whether in Washington or the field, we would welcome you.

**Mrs. Hansen.** We visit your facilities very often, and that is why the committee would like to express our appreciation for the kind of employees you have throughout your Department. There has never been a time that your people have not been courteous.

So I would like to express a great appreciation to the Department.

TUESDAY, FEBRUARY 26, 1974.

## BUREAU OF INDIAN AFFAIRS

### WITNESSES

**MORRIS THOMPSON, COMMISSIONER OF INDIAN AFFAIRS**
**LaFOLLETTE BUTLER, ACTING DEPUTY COMMISSIONER**
**WILLIAM BENHAM, EDUCATION PROGRAMS**
**RAYMOND BUTLER, INDIAN SERVICES**
**CARL CORNELIUS, ADMINISTRATION, GENERAL MANAGEMENT SERVICES**
**JOHN GEARY, INDIAN SERVICES**
**HOWARD NELSON, ENGINEERING**
**KENNETH PAYTON, TRUST SERVICES**
**HAROLD ROBERSON, RESOURCES DEVELOPMENT**
**JOHN SYKES, ADMINISTRATION, FINANCIAL MANAGEMENT SERVICES**
**JAMES J. O'BRIAN, ASSISTANT COMMISSIONER FOR RESOURCE PLANNING, BUREAU OF RECLAMATION**
**FRANCIS M. WILES, DIRECTOR OF BUDGET, OFFICE OF THE SECRETARY**
**ROBERT A. DUDLEY, CHIEF, FACILITIES ENGINEERING**
**JOHN CARMODY, CHIEF, DIVISION OF SCHOOL FACILITIES**

Mrs. HANSEN. The committee will come to order.

This morning we have the Bureau of Indian Affairs and our principal witness is Mr. Morris Thompson, the Commissioner.

### BIOGRAPHY OF THE COMMISSIONER

At this point in the record, Mr. Thompson, will you insert your biography?

[The document follows:]

### MORRIS THOMPSON, COMMISSIONER OF INDIAN AFFAIRS

Birth date: September 11, 1939; one-half Athabascan Indian. Place of birth: Tanana, Alaska. Marital status: Married, three children. Address: McLean, Va.

Education: Tanana Day School, grades 1 through 8, BIA Mt. Edgecumbe Boarding High School, grades 9 through 12. Graduation 1959. University of Alaska, September 1959 to January 1962. Major, civil engineering. Minor, Political science. RCA Institute, Los Angeles, Calif., January 1962 to August 1963. Completed 18-month course in industrial and communications electronics.

Employment: 1963–1967 electronic technician at the National Aeronautics and Space Administration's Satellite Data Acquisition Facility at Gilmore Creek near Fairbanks, Alaska. 1967–1968 Deputy Director of Rural Development Agency for State of Alaska in Juneau, Alaska. 1968–1969 executive secretary of NORTH, Commissioner for State of Alaska in Juneau, Alaska. 1969–1971 Assistant to the Commissioner (actually Assistant to the Secretary of Interior, Walter J. Hickel) in Washington, D.C. 1971–1973 Area Director of BIA Juneau area office in Juneau, Alaska.

Membership and associations at present: 1, Alaska Native Foundation 2. National Congress of American Indians. 3. President of Juneau Fed. Executive Association. 4. Governor's Labor Market Advisory Council. 5. Policy and Evaluation Council of the Center for Northern Education (Univ. of Alaska). 6. State Manpower Planning Council. 7. Alaska Health Manpower Committee.

Past: 1. Rural Affairs Commission. 2. Alaska Village Electrification Cooperative. 3. Alaska Business Council. 4. Fairbanks Native Association. 5. Alaska Federation of Natives.

## COMMISSIONER'S OPENING STATEMENT

Mrs. **Hansen**. Mr. Thompson, please proceed with your general statement.

Mr. **Thompson**. Good morning Madam Chairman and members of the committee. It is with pleasure that I appear before you to discuss with you and, hopefully, to fully justify my first budget as Commissioner of Indian Affairs. I am an Athabascan Indian and have worked in varying capacities in the Department of Interior and the Bureau of Indian Affairs, including most recently Director of the Juneau Area.

At this point I would like, with your permission to submit for the record my complete biographical sketch. So you see I came to my present job with some detailed knowledge of the Bureau and the needs of the Indians it serves. First, of course, everyone is keenly interested in what kind of an organization I will have and who will I appoint to the key jobs within that organization. In my opinion, in the past, too much emphasis has been placed on organization, reorganization, realinement, call it what you will. Perhaps it would be best to coin another term—let's call it "stabilization." I am sure all of the Indian groups and BIA personnel have been patiently waiting for something that resembles "equilibrium." Since taking office on December 3, 1973, I have moved rapidly to effect agreement with the Secretary and the Under Secretary as to the organization. It has been my contention that any organization will work with strong leadership and good key people. Therefore, I have been discussing the selection of key personnel with the leadership of the two primary Indian organizations—NTCA and NCAI; I have asked the executive search team of the Department to review all files at their disposal and to interview all candidates for submission to me of those they consider tops; at every opportunity I have asked Indian groups and organizations to submit names to me for consideration. As a result, I have been able to recommend to the Secretary a list of individuals for a Deputy, a Director of Administration, and four program directors. These appointments should be made within the next 2 weeks.

## NEW APPROPRIATION STRUCTURE

Second, I would like to discuss a new proposal in our 1975 appropriation structure which has already received widespread comment and, unfortunately, some misunderstanding. I speak now of a new line item in each of our activities, with the exception of trust responsibilities and services, entitled "Direct Indian Operations." This new line item contains estimates of funds to be granted directly to or contracted directly with individual Indians, Indian tribes, or Indian organizations. It includes the following:

1. Amounts contracted directly with Indians in fiscal year 1974. This amount was carried forward to fiscal year 1975.
2. Amounts granted directly to Indians such as welfare payments, housing grants, and scholarship grants. This represents the amount so granted in fiscal year 1974, plus any increases requested for such direct grant items in fiscal year 1975.
3. Ten percent of the fiscal year 1974 amounts for personal services and expenses related to those personal services in each activity.

As the programs and functions which Indians indicate a desire and capability to contract for are consummated, reduction in BIA staff will be specifically identified which will ultimately effect an estimated 10 percent reduction or 1,245 positions in fiscal year 1975. These reductions are reflected throughout our estimates as "targets" only. Salaries and expenses of the positions thus identified will be available to (A) finance administrative overhead costs of fiscal year 1974 contracts to be renegotiated in fiscal year 1975; (B) finance administrative overhead costs of new fiscal year 1975 contracts; and (C) full costs of contracts including administrative overhead costs, if funds are saved in excess of amounts needed in (A) and (B). The provision of payment of administrative overhead costs on contracts will alleviate the concern expressed by many tribes that it costs them tribal and/or program dollars to do business with BIA. You will recall that Navajo tribal members testified to this effect last year.

## PROGRAM BASED ON INDIAN NEEDS

In past years, all of these funds were included as a part of regular program estimates. I have spoken in detail on this item because it appears in so many places throughout our justifications. Please note, however, that the real justification for funds is still based on the real need for each program and its benefit to Indians—not on the method of delivery. The need for an Indian child's education is still the same whether it is an Indian contract school or a Federal school operated by BIA personnel. Our primary emphasis is upon contracting as an administrative technique to transfer control of federally supported programs to Indians. A reduction in personnel is a byproduct of this technique and therefore no matter what the Indian decision may be there will be no diminution of services to Indians. I have been assured that should contracting with Indians not produce the estimated 10-percent reduction that adjustments will be made in order that services will continue with BIA personnel.

I assure you, as I have assured the Indian community, that in keeping with the administration's key policy to allow concerned Indians to assume control and operation of Indian programs, Indian tribes, organizations and individuals will make the determination of what they wish to assume and when they wish to do so. In addition, the right to return operation of these programs to the Bureau is available at all times.

## INDIAN SELF-DETERMINATION

Indian self-determination is the key to this Administration's Indian policy. We have taken a major step to further self-determination by establishing a procedure whereby Indian leaders set priorities locally. This budget reflects Indian involvement and participation in the budget planning decisions of the Bureau of Indian Affairs. We have honored the priorities of the Indians in developing the budget and we are committed to distributing the funds at the local level based upon these same priorities.

The new budget structure is descriptive of what the Bureau of Indian Affairs will be doing in fiscal year 1975. It combines some activities which were overlapping, such as: soil and moisture conservation and range management, institutional vocational training, higher education scholarships and adult education; housing improvement and housing development and community development, tribal operations, agricultural extension and comprehensive planning. It also adds some new activities which need to be separately identified, such as: minerals, mining, irrigation and power; direct employment; and Indian natural resource rights. The structure reflects the organizational structure of the Bureau and all activities are easily identifiable to a responsible director. These directors can be held accountable for the funding and accomplishing the programs justified in the budget.

### INDIAN EDUCATION

I will continue to put great efforts into the programs for Indian Education. To me, none of the programs we develop and administer for the welfare and benefit of Indians is more important than that of Education. In fiscal year 1975 we will have over 53,000 Indian youths attending Bureau operated schools and dormitory boarding services will be provided to approximately 4,000 additional youths. An increase of 7,500 students attending public schools under the Johnson-O'Malley program is expected. Funds are requested to support approximately 100,000 students attending public school and the special services required to give our Indian youth the attention and special need programs as required.

One of the greatest accomplishments in the Johnson-O'Malley program has been the increased involvement of local Indian education committees in assisting the school districts in programing the use of these funds for the education of the Indian students. Another encouraging note is that the young people of the Indian communities are enrolling in colleges and universities in greater number each year. It is estimated that our request will provide assistance toward tuition and living expenses in conjunction with other Federal, State and local programs for approximately 14,700 students. It is my intention to establish the highest education standards possible and make sure that they are met.

### INDIAN SERVICES

Our caseload for general assistance will remain at approximately 75,000 and the caseload for child care is estimated at 3,600.

I understand that is the first time there is no increase in numbers. The increase of funds in the amount of $3.4 million is to offset the increased unit costs in both of these programs.

The BIA housing program will provide 500 new houses while 4,400 will be renovated. This is in line with the program for fiscal year 1974. Under the HUD program 6,000 new homes will be provided in 1975. As of June 30, 1973, HUD had delivered 15,000 of the total 30,000 commitment. The Bureau will continue to provide assistance to tribes in developing their housing program needs.

The law enforcement program will provide services to over 300,000 Indian people living on 87 reservations where local authorities have not assumed civil and/or criminal jurisdiction. We continue to show success in our prisoner parole program. During fiscal year 1973 we released 599 inmates and had only 149 violating parole. This is a recidivism rate of 25 percent as compared with the national average of 75 percent.

The Bureau Tribal operations program will provide technical assistance and advice to tribal governments in management of their own affairs. I am very encouraged with the efforts being put forth by the tribal leaders and the improvement in their governing capabilities. This is of utmost importance as the tribes assume control of more federally funded programs.

### TRIBAL RESOURCES DEVELOPMENT

The 40 percent unemployment rate of the reservation Indian is still a very critical problem and coupled with the low per capita annual income of $1,200 puts high on our priorities the need for development of jobs and other income opportunities in fiscal year 1975. An all-out effort will be made to develop additional business enterprises and increase the on-the-job training in the Indian communities. Also in fiscal year 1975 approximately 6,500 individuals and families will receive direct employment services.

No program of resource development can be successful without proper maintenance of the road network. In 1974 service will be provided to approximately 22,780 miles of the reservation roads. Our maintenance requirements increase as new roads are constructed. In fiscal year 1975 our Road Construction request will provide for 446 miles of grading, 577 miles of paved surfacing, and 148 miles of gravel surfacing.

### TRUST RESPONSIBILITIES AND SERVICES

In fulfilling its role as trustee of Indian lands and related resources aggressive and effective action is demanded of the Government to protect the rights of Indians in those resources and as pressures mount on scarce resources, we must expand our efforts to assure that Indian rights are effectively protected. Approximately 85 water rights inventories will be completed in fiscal year 1975 and 12 litigation cases will be filed or adjudicated.

Indian landowners universally manifest an intense interest in their land holdings and they expect prompt and efficient action when needed. As trustee, the Goverment should provide the services as expected. The total number of leases expected to be effected during fiscal year 1975 exceeds 95,000 and over 2,600 appraisal reports will be prepared. The Indians have a strong emotional feeling about their land. Possession of land gives them a sense of security wholly unrelated to its present or prospective economic value.

### TOTAL FEDERAL FUNDS FOR INDIAN PROGRAMS

Mrs. HANSEN. Thank you very much, Mr. Thompson.

The committee is delighted to welcome you and the staff of the BIA today. We are always happy to welcome our Indian friends and review your programs.

As we begin this hearing, it is important to realize that only a small part of the total Federal funds which go to Indians come from the BIA. Will you please insert in the record at this point a listing of total Federal spending on Indians by agency for fiscal years 1973, 1974, and 1975?

[The information follows:]

## OUTLAYS FOR INDIAN PROGRAMS

($ IN MILLIONS)

| AGENCY | 1973 | 1974 | 1975 |
|---|---|---|---|
| U.S. Department of Agriculture | 20.8 | 35.2 | 39.7 |
| Department of Commerce (Includes EDA) | 37.0 | 33.4 | 22.9 |
| Department of Defense (Civil) | 25.4 | 20.6 | 7.4 |
| Department of Health, Education and Welfare: | | | |
| Public Assistance | 71.0 | 79.3 | 85.2 |
| Indian Health | 198.0 | 252.0 | 284.0 |
| Education | 112.3 | 135.4 | 121.0 |
| ONAP | 23.0 | 32.0 | 32.0 |
| Department of the Interior: | | | |
| Bureau of Indian Affairs | 712.0 | 925.0 | 952.0 |
| Department of Justice | 5.7 | 2.7 | 2.9 |
| Department of Labor | 47.9 | 50.0 | 40.6 |
| General Services Administration | .5 | 2.2 | 2.7 |
| Department of Housing and Urban Development | 14.2 | 18.9 | 23.0 |
| Veterans Administration | 16.4 | 16.8 | 16.8 |
| Small Business Administration | .9 | 1.0 | 1.1 |
| National Council on Indian Opportunity | .2 | .3 | .3 |
| Total | 1,285.3 | 1,604.8 | 1,631.6 |

### PRESSING PROBLEMS

Mrs. HANSEN. Mr. Thompson, as you begin your new job, what do you see as the most pressing problems and issues in the Indian world, and how do you and the BIA intend to address them?

Mr. THOMPSON. Madam Chairman, I believe I identified them as three when I came on board, three key areas needing immediate attention.

No. 1 was the determination of the Central Office organizational structures. As you know, this issue has been lingering now for approximately a year, with many, many views on both sides of the coin.

I am pleased in the 2 months we have been here we will be going forward with a recommendation to the Secretary within 2 or 3 weeks to hopefully resolve the question of organization.

The second one that I identify——

Mrs. HANSEN. What are the most perplexing organizational problems?

Mr. THOMPSON. One of the key items was what to do with certain key provisions of the Bureau. For example, do we put sufficient emphasis on key program areas—as an example, Indian trust services. Do we assure the Indian organizations are not "lost in the shuffle"?

Second, determining how we will reorganize the Central Office and come down to some of the mandates that were dictated for good management; that is, a reduction in staff, where staff reductions should be made.

Third, insuring that other programs such as Indian education, which is so important to the Bureau, have a proper place in the organizational structure.

Determining exactly what the Bureau mission, if you will, will be, through an organizational structure: what it would be over the next coming years.

### TRANSFER OF PROGRAMS TO DEPARTMENT OF HEW

Mrs. HANSEN. Mr. Thompson, do you see HEW as taking over most Indian programs in the future? I quote from a clipping of October 31, from the New York Times.

"Mr. Weinberger emphasized the gradual shift in Federal responsibilities for Indians to the Department of Health, Education, and Welfare, and out of the much criticized Bureau of Indian Affairs, which is in the Department of Interior."

Mr. THOMPSON. This question has floated around Indian country for quite some time. Madam Chairman, I think one of the things we might want to follow the lead on is that of the Indian community to date. It has been my understanding the Indian community has resisted moving from the Department of the Interior over to HEW. I certainly am not making any plans to transfer any of our program activities over to HEW. Unless I am reading the mood of the Indian community wrong, they don't really relish the idea of going to HEW.

I think to answer your question directly, there are currently no plans of which I am aware of moving Indian affairs out of the Interior Department.

## NEW HOUSE COMMITTEE STRUCTURE PROPOSALS

Mrs. HANSEN. There is a new committee on committees in the House of Representatives. Their proposal was to place the whole category of Indian programs, with the exception of education, under the jurisdiction of the Government Operations Committee.

I wrote to Mr. Bolling, the chairman of that committee, and suggested that I would believe that the Indian world would be happier to have its own subcommittee structure in the House of Representatives.

As you are aware, when you become a part of a wide variety of operations, you are in a highly competitive position for attention, money, et cetera.

Mr. Bolling has replied to me and said he wanted to talk to me again.

I only mention that in passing because your whole program thrust in the authorizing committee would become a different type of venture.

I think you ought to discuss this proposal with Members of Congress who are giving some time and attention to this restructuring.

Mr. Thompson, I have talked to Indians across this country from Alaska to North Carolina. I have the feeling they feel HEW is a great place to be forgotten in that great bureaucracy of theirs.

## URBAN INDIANS

Mr. YATES. May I ask a question with respect to HEW, what their views are?

Mrs. HANSEN. Yes.

Mr. YATES. It relates to the HEW question as we found out yesterday when we talked to Secretary Morton.

Mrs. Hansen, our very distinguished chairman, has the idea Indians, once they are off the reservation and in the cities, lose their connection with the Bureau of Indian Affairs.

Mrs. HANSEN. Mr. Yates, that is not quite correct. Many Indian families have been gone from a reservation for 50 or 60 years and they have not been relocated by the BIA, but willingly departed and have no connection with the reservation. My statement yesterday to the Secretary was that the budget at the current time did not entail sufficient funding to take care of the urban Indians unless you took it from the reservation Indians.

I think I reflected the views of every reservation Indian. They are not about to give up their funding in order to provide services which are essentially those that belong to every American citizen when you are beyond the trust status.

You have two questions which arise. There is no provision for funding of an urban Indian, per se, beyond that amount of money given to all Americans.

The second question that arises is the constitutional question. Do you provide within the cities special funding programs to particular groups up and above that which is offered to every American citizen?

What we have tried to do in the committee, as you are well aware, was provide funding so you could do some exploratory work with HEW because of their mandate in the Indian education bill for those people that are beyond the borders of the reservation.

The Indian Health Service has been a pioneer in doing some of the work with the urban Indian programs on referral services. We have asked for a study to be performed, but those were essentially the problems, Mr. Yates.

There is a great concern on the part of the committee for the urban Indian. But you do have to consider the constitutional question.

Can we say that we have a center for Indian youth, when there may be other minorities who also need services?

This is the problem.

Mr. YATES. I think that is a very cogent point you raise except for the fact that I can conceive of the Indians as having a special ward kind of relationship with the U.S. Government. The fact that they move from the reservations into the cities doesn't mean that the Indians don't thereafter look for help from the Bureau of Indian Affairs.

They have grown up with an affiliation with the Bureau of Indian Affairs. It seems to me to be an unnecessary hardship if you divorce them from the Bureau of Indian Affairs and make them get help if they need help from a different Federal agency.

Mr. HANSEN. Then you have to increase the budget to provide, my guess is, another $100 million per year.

### BIG RESPONSIBILITY TO URBAN INDIANS

Mr. YATES. I don't know about $100 million, but I am with you on not taking the money that is provided in this budget for the reservation Indians and using that for your urban Indians. But, nevertheless, the urban Indians need help.

I think if you have to appropriate additional funds for that purpose, I think those funds should be appropriated.

The point I am trying to make is this: I want to get the Commissioner's viewpoint on whether or not, once an Indian who has grown up on a reservation, in close affinity with the Bureau of Indian Affairs, goes to the city for a job, for example, and finds himself in difficulties—he can't find a job, he can't find adequate housing; his children can't get adequate education, he might decide to go back to the reservation.

In the meantime, is he to be cut off from the help he has had from the Bureau of Indian Affairs? That is what I would like to find out from the Commissioner.

Mr. HANSEN. There is one further point, Mr. Yates. Some of these people who have gone to the cities are not from the reservation.

Mr. YATES. We are not talking about the Indians who have been away for 60 years.

[Discussion off the record.]

Mr. YATES. I want this on the record. We do have Indians in the city of Chicago who do have problems. They have just come from the reservations within the last few years. They come looking for a way to advance themselves and they have their children who go to the schools for a few months perhaps and they haven't been able to make it in the cities and they try again some other place.

I don't like to see the American Indian in the role of an outcast. He is an outcast if you put him in the same position as all the other nationalities or all the other kinds of Americans in the city.

It seems to me we are perpetrating a wrong. That is why I wanted to find out from the Commissioner what his views were.

### PRIMARY MISSION OF THE BUREAU

Mr. THOMPSON. I may respond with some background information. Briefly, as you know, the primary mission and the main role of the Bureau of Indian Affairs, stemming from statutes and policies of past administrations—the Congress position is one of a trustee for Indian land and resources and, as an adjunct, they have moved into providing social services, educational types of services, because of the economic status of the American Indian.

The primary function of the Bureau is to be trustee for the Indian resources. The resources are generally confined to, on or near, "Indian reservations."

The problem, though, of the urban Indian, which the Indian Bureau, through social programs has contributed to is one of the Indian leaving the reservation, many times with Bureau assistance, into some of the programs we have operated—I think now mainly of the adult vocational training program where we provided moneys to an Indian family, an Indian individual, to either relocate from a reservation community to an urban community—we have provided his money and funds to get started, stipends to pay his tuition, living expenses.

After he completed training, the theory was he would move into the economic mainstream of America. We gave him other inducements, maybe a month's pay until the job could come about.

The Bureau has contributed somewhat to the movement off reservations to the urban community.

Mrs. HANSEN. This was more the situation 4 or 5 years ago than now.

Mr. YATES. During the Eisenhower administration.

Mrs. HANSEN. No; during a Democratic administration.

Mr. YATES. It was during the Eisenhower administration too. I remember there was a big program for the Indians coming off the reservation.

Mrs. HANSEN. In recent years we did have a program.

Mr. Thompson, you did have in the past relocation funds in your budget for those people who left the reservation.

Mr. THOMPSON. In all fairness to the movement of the Indian community, I don't think anyone has really defined how many people left the reservations and what types of funding brought them off the reservation into the urban community, but I am saying the Bureau did contribute. I don't know what percentage of the movement. There was a movement.

Once they got into the urban community, of course, the theory was then that you would hopefully go to school or get direct employment services and thereby bring yourself up by your bootstraps, if you will, and the need for governmental assistance would be diminished in theory.

### PROBLEMS OF THE URBAN INDIAN

In practice in many instances it has not worked. Chicago might be a good example. What happened to the American Indian who has migrated to the urban communities is that he, for many reasons, whether it is his inability, for many, many reasons, to live and cope in the urban community, has become, in some instances more dependent for services on Federal entities. Unfortunately here is where the shuffle came in. The Indian would go to the local town or State—local areas, for assistance, and they would say, "You are an Indian. You must go to Indian Affairs."

Indian Affairs, in turn, would say, "now that you are in urban community, our jurisdictional area is no longer so. We don't serve you. Go back to the State and local county."

The individual was caught in this shuffle.

To get around that somewhat, about 3 or 4 years ago there were delegations of authority, or some clear lines delegated as to who was responsible for who in the Indian community.

At that time BIA was—there was a policy pronouncement in the President's Message of 1970 saying the Bureau would be charged with Indians on or near reservations and at that time in 1970, OEO would assume the need for coordinating other Federal services to assure the Indians residing in urban areas would get their fair share of services.

That was a split, since the demise of OEO—I understand they have moved into HEW and they are the lead agency to assure that urban Indians get their fair share of the dollars.

In all fairness to the committee, I can't say how well that is operating. We now at least have a clear definition of the responsibility of Government in assuring that urban Indians in urban communities receive their fair share—maybe not their fair share, but certainly services intended for people fitting into their particular categories.

Mr. Yates. May I follow up with a question, Madam Chairman? What happens to the Indian who comes to the city and isn't able to make it and decides to go back to the reservation? Is he accepted again?

Mr. Thompson. Of course. Once he moves back.

Mr. Yates. How many of those cases are there?

Mr. Thompson. I have no idea.

Mr. Yates. You have no statistics?

Mrs. Hansen This is the type of information we hope to learn from this HEW study. How many return and how many have a desire to return.

### EXPERIMENTAL REFERRAL SERVICES PROGRAM

To supplement your question, Mr. Yates, the funds the committee appropriated for a Minneapolis project provided for some experimental work on referral services because this was a particular problem. This was most successful and it cost very little because it was a matter of referring people to either health services, unemployment, or whatever category there was.

I want to say something in defense of the BIA. The BIA has struggled with this problem with a very minimum budget. The committee and the BIA were reluctant to reduce the money to the tribes and place it in the cities.

### STATES' RESPONSIBILITY

There is another part of this problem. Some of the most liberal legislators in Congress and in the States are saying something must be done about the urban Indian, and yet their States do nothing. The legislatures of those States have a direct responsibility.

I am thinking not of your State, Mr. Yates, but I am thinking of Northern States where there are speeches made on the Senate floor about assistance to Indians. The legislatures in their States are not responding to the needs of the Indian people, because there is no fundamental reason that a welfare department in the State of Minnesota, Wisconsin, or the State of Washington cannot, out of their administrative funds, place people on the public assistance programs to help coordinate Indian problems.

They could work with the BIA and part of the problem could have been solved long ago. I am afraid that the assistance to the urban Indians, as far as certain States are concerned, has merely been a contribution of oratory.

I am not about to deprive some Indian youngster of a scholarship, or deprive the Navajos of an irrigation system, or deprive the Makahs of decent housing in order to help some State. I just think it is time HEW told those States that they had a responsibility. They have no less responsibility to the Indian people than they have to any other group.

I am perfectly willing to increase the budget for referral services, but I want it plainly understood I am not going to take funds away from the Indian reservations that are needed so desperately in some of the poorest communities in the United States. That is just the way I feel about it.

Mr. Yates. I feel the same way. I wanted to remind the Commissioner of the situation we had in Chicago last year with a group of Indians. You remember it was a measure of protest, much less than the Wounded Knee protest, but nevertheless a protest of the plight of the Indians trying to find housing in Chicago.

Mrs. Hansen. What did the city of Chicago do to help them?

Mr. Yates. The mayor tried to help them and the county commissioners tried to help them but they were thrown upon the resources of HEW initially and they weren't able to get anything from HEW.

So they turned naturally to the Bureau of Indian Affairs. I forget the name of the chap in the Bureau they called but they did have faith in one or two people in the Bureau of Indian Affairs with whom they had grown up. They knew about the Bureau. Now they have to look to HEW for their assistance.

Mrs. Hansen. You would agree with me that HEW should not be running the Bureau of Indian Affairs?

Mr. Yates. You are agreeing with me now.

Mrs. Hansen. I don't think it is fair for you to expect us to take funds away from the poor areas that have been struggling for 30 years to get an irrigation system, so they can have a little more food.

Mr. Yates. That is right. We are in agreement. Are you in agreement in that, Mr. Commissioner?

### RUIZ COURT DECISION

Mr. Thompson. Madam Chairman, let me respond by saying one thing. I failed to mention the *Ruiz* case, of course, that was pending before the Supreme Court which the Court recently ruled on. In all fairness to the committee, I have not had an opportunity to fully digest what was handed down from the Supreme Court; how it would affect the programs.

Mrs. Hansen. What did that case involve?

Mr. Thompson. That is the *Ruiz* case where a Papago Indian alleged that we determined he was ineligible for services because he lived off the reservation.

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He appealed it all the way up to the Supreme Court and the Supreme Court ruled. I have not had a chance to look at the impact of the ruling. The Court could have ruled if they took a liberal interpretation that the Bureau, with its statutory authorities, is "technically responsible" for all the Indians or they could have taken a narrow interpretation and said the Bureau's primary legal responsibilities are thus and so.

Those were complexities behind the case. How they ruled and what impacts it will have, we need more time to research it.

The court handed down their decision last Tuesday or Wednesday.

Mr. YATES. Thank you, Madam Chairman.

Mrs. HANSEN. Mr. McKay, do you have a question at this point?

Mr. McKAY. Not at this point.

### INDIAN PREFERENCE POLICY

Mrs. HANSEN. What is the status of litigation involving the Indian preference policy in hiring at BIA?

Mr. THOMPSON. The current status is the *Freeman* case, pending before a district court; the *Mancari* case is pending before the Supreme Court. They have decided recently to hear the case. It is my understanding they may rule on the merits of the case by spring or early summer. I am not an attorney, but it is my understanding that the judges in the *Freeman* decision will await clarification from the Supreme Court. So it appears that we will have, hopefully, judicial determination in that matter by early spring and summer. That is what we estimate currently, at this time.

### EDUCATION PROGRAMS, BIA AND HEW

Mrs. HANSEN. In our 1974 report, the committee directed BIA and HEW to review the various education programs which affect Indians, and provide recommendations to bring about greater equality in education programs. What is the progress on this project?

Mr. THOMPSON. Madam Chairman, if I may, I will have Dr. Benham give a status report on that.

Dr. BENHAM. In accordance with the direction of this subcommittee, the Bureau of Indian Affairs has gone to the Department of Health, Education, and Welfare, sat down with them, and developed a preliminary outline of a study which covers the following: General background of the role of the Federal Government in Indian education; scope of the problem, technical matters, and approvals. It will show how Federal funds actually operate from the U.S. Office of Education headquarters down through State and regional levels. A major product of the work will be to evaluate what administrative changes Federal agencies can make to better coordinate the use of Indian education funds. It will also study and evaluate the regulations and guidelines to come out with recommended changes, if needed, for the purposes of elimination of unnecessary duplication, and establishing joint planning in an effort to schedule programs for implementing the changes. Of course, we will work through Congress in achieving necessary changes.

The latest has been a January 16 meeting where we established basic agreements. In the next few weeks, the instrument for the survey will be developed with input from both agencies.

The U.S. Office of Education, working with the Bureau of Indian Affairs, will begin to set up meetings with major educational organizations in order to gain clearance and support for the upcoming study. We would like to see some very enthusiastic participation on the part of the States.

Meetings are to be used with major area and State departments of education with large enrollments of Indian children. These are scheduled to discuss the study and to give information needs to them.

One final comment on the reception of the U.S. Office of Education. They were very, very appreciative of the fact that the survey had been started. They said, "Fine, we want to study the impact aid, plus a number of other things, including the Johnson-O'Malley fund."

Mrs. HANSEN. What disturbed the committee last year was the possibility of duplication and overlapping of the impact aid program, The Johnson-O'Malley program, and the Indian Education Act. In some instances, there would be some areas receiving assistance from all three programs. In other areas, nobody would be receiving anything.

It seemed this was particularly important considering the problem in many States of providing adequate school funds. As you are well aware, there has been a very bad history of being able to pass local tax levies in those States with high Indian populations. They were defeating levies, and therefore the money is not as plentiful as it was for school construction.

So it seemed to us that the fair way to do it was to see what the impact was so that each Indian child has a fair and equal opportunity to receive an education. When will the study be finished?

Dr. BENHAM. We are hopeful we will be able to make an impact on equality of educational opportunity; I believe the due date for the completion of the study is 6 months after it formally gets underway. We have talked with the U.S. Office of Education concerning this aspect.

We are poised and, excuse the expression, raring to go.

Mrs. HANSEN. Dr. Ottina, the Commissioner of Education stated in this committee over a year ago, in a supplemental hearing, that he didn't even know what the Johnson-O'Malley funds were. What has HEW been doing since a year ago last October?

Dr. BENHAM. In terms of our going to them and working with them, they have been most cooperative.

Mrs. HANSEN. Our fiscal year 1973 second supplemental hearings were held in February of 1973. Why has it taken from February of 1973 until now to get together? When did you get together, this year?

Dr. BENHAM. January 16.

Mrs. HANSEN. I thought the Postal Service was slow, but I think HEW is worse than they are.

### PUBLIC SCHOOL CONSTRUCTION

Another problem, as you know, that the committee has had to cope with is the practice of having to build public schools through the BIA budget. They should be built out of another account but there is never adequate funding provided.

This is something Mr. Wiles and I have discussed.

We also included a stipulation that we thought there should be some contribution by the school district itself when they had available bonding authority. But discrimination takes many forms in this world. One of them was the "inability" to use their bonding authority. Even if bonding authority was provided that still leaves the unresolved problem: Those schools do not appear in your budget, because there is no specified authority in Interior for building and operating public schools.

An additional problem is that some of those schools are very expensive and the committee receives add-on requests yearly which amount to over $200 million.

So the committee is faced with the problem of trying to provide the financing.

Another hazard we have, is when we include an unauthorized item it is subject to a point of order on the floor of the House, which would eliminate that item from the bill.

It is a very vexing problem, Dr. Benham, and I hope that you, the school districts and the States work together to solve some of these problems.

Some States have a rather strange law that they can't distribute any money until there is bonding authority or tax valuation.

You have no tax valuation where you have a large amount of Indian land. In many instances there is very little tax authority and bonding authority.

The problem has pyramided and we have tried to meet the mandates of the most desperate cases.

It is becoming very popular to come to this committee to get a school built, but our resources are limited.

I hope, Dr. Benham, that you will undertake a review of this situation so that the funding can be provided through the regular channels. Maybe the Bureau of Indian Affairs should have the authority to build these schools for large numbers of Indian people.

Maybe it would be a better place to have it funded in the committee that handles all of the Indian education programs. But I know there is a desperate need to settle this problem because of the very difficult appropriation situation.

Every member has been bothered with this problem because we want to be as generous as we can to the kids in Montana, Wyoming, New Mexico, et cetera.

We have the same problem with the urban Indians. It is a difficult budget problem.

### SCHOOL CONSTRUCTION

The effect of a new authorization for the construction of those schools, under a separate law may depend on the court decisions to some extent, except that many of these schools are on or near Indian reservations.

### PUBLIC SCHOOL SURVEY STUDY

Mr. McKAY. You tell us you are ready to go. You are just waiting on them to ring the bell. Is there any way you can ring the bell?

Mr. BENHAM. We are endeavoring to do just that.

Mr. McKAY. You are trying to set up a date when you can get this gate open and start to work?

Mr. BENHAM. Yes.

Mr. McKAY. You have no idea when you will make the phone call to do that?

Mr. BENHAM. It is daily, Congressman McKay.

Mrs. Hansen, your points are very well made with regard to school construction.

As you are aware, this study was completed and the needs submitted for the reservation Indian children. Copies have been made available widely in the Department of Health, Education, and Welfare.

I think the study makes substantial contributions to knowledge.

Mrs. HANSEN. Please summarize for the committee the results of the study and what you have done to implement its recommendations?

Mr. BENHAM. Based on a preliminary survey, there are 48 public school districts with major Indian impacts. That is 50 percent or more Indian enrollments in 13 States that need $114,072,506.

Mrs. HANSEN. Will you insert in the record the names and needs of those districts.

Mr. BENHAM. Yes.

[The information follows:]

| DISTRICT | GRADES | ENROLLMENT CURRENT | ENROLLMENT % (Indian) | 5yr. GROWTH NUMBER (%) | DISTRICT LAND % INDIAN | VALUATION PP % TO STATE AV. | ESTIMATED COST OF FACILITIES | LESS LOCAL RESOURCES | (COMPUTED) NEED |
|---|---|---|---|---|---|---|---|---|---|
| ALASKA | | | | | | | | | |
| Craig City | KEH | 161 | (70) | 72 (45) | *N/A | 26 | $ 2,000,000 | $ 28,706 | $ 1,971,294 |
| Haines Borouth | KEH | 474 | (24) | 65 (16) | *N/A | *N/A | 2,223,770 | 1,514,213 | 709,557 |
| Hoonah | KEH | 284 | (85) | 0 ( 0) | *N/A | 14 | 250,000 | 189,920 | 60,000 |
| Klawock City | E | 64 | (97) | 0 ( 0) | *N/A | 18 | 90,000 | 25,000 | 65,000 |
| Kodiack Is. Borough | KEH | 2361 | (33) | 444 (23) | *N/A | 28 | 400,000 | 0 | 400,000 |
| Nenana City | KEH | 230 | (52) | 16 ( 7) | *N/A | 34 | 350,000 | 74,582 | 275,418 |
| Nome | KEH | 555 | (80) | 0 ( 0) | *N/A | 33 | 2,500,000 | 266,927 | 2,233,073 |
| **Nome-Beltz Regional | H | 366 | (80) | 212 (13) | *N/A | *N/A | 3,500,000 | 0 | 3,500,000 |
| Pelican | KEH | 41 | (61) | 16 (64) | *N/A | 50 | 650,000 | 123,795 | 526,205 |
| St. Marys | KEH | 113 | (98) | 101 (84) | *N/A | 6 | 250,000 | 32,250 | 217,750 |
| Wrangell | KEH | 616 | (35) | 116 (23) | *N/A | *N/A | 2,750,000 | 825,000 | 1,925,000 |
| TOTAL | | 5265 | (47) | 848 (19) | - | - | 14,963,770 | - | 11,883,377 |
| ARIZONA | | | | | | | | | |
| Alchesay H.S. #2 | H | 326 | (80) | 97 (42) | 100 | 11 | 2,601,152 | 77,228 | 2,523,924 |
| Chinle #24 | KEH | 3418 | (86) | 1533 (81) | 99 | 35 | 12,000,000 | 794,506 | 11,205,494 |
| Ganado #19 | KEH | 1698 | (85) | 453 (36) | 99 | 53 | 4,180,427 | 6,387 | 4,174,040 |
| Gila Bend | KEH | 816 | (13) | 64 ( 9) | 2 | 58 | 1,000,000 | 741,084 | 258,916 |
| Indian Oasis #40 | KEH | 1022 | (95) | 423 (71) | 100 | 5 | 4,834,100 | 24,494 | 4,809,606 |
| Kayenta #27 | KE | 1050 | (90) | 375 (56) | 98 | 43 | 1,750,000 | 35,000 | 1,715,000 |
| Moccasin #10 | KE | 18 | (55) | 0 ( 0) | 36 | 82 | 120,000 | 19,236 | 100,764 |
| Monument Valley | H | 506 | (87) | 278(122) | 98 | 45 | 600,000 | 415,000 | 185,000 |
| Page #8 | KEH | 2036 | (25) | 1233(153) | 98 | 90 | 1,500,000 | 1,800,000 | 0 |
| Parker #27 | KE | 1275 | (29) | 233 (21) | 50 | 78 | 1,302,646 | 146,210 | 1,156,436 |
| Puerco #18 | KE | 714 | (70) | 188 (38) | 56 | 106 | 850,000 | 220,000 | 650,000 |
| Sacaton #18 | KE | 868 | (99) | 520(149) | 96 | 18 | 1,400,000 | 131,699 | 1,268,301 |
| Sunnyside #12 | KEH | 9833 | ( 2) | 3683 (60) | 37 | 46 | 3,150,000 | 1,886,318 | 1,263,682 |
| Tuba City #15 | KE | 1711 | (90) | 817 (91) | 99 | 15 | 13,678,170 | 72,622 | 13,605,548 |
| Whiteriver El.#20 | E | 1295 | (91) | 262 (25) | 100 | 7 | 3,782,636 | 77,228 | 3,705,408 |
| Window Rock #8 | KEH | 2562 | (86) | 413 (19) | 99 | 21 | 750,000 | 0 | 750,000 |
| TOTAL | | 29,148 | (46) | 10,562 (56) | - | - | 53,499,131 | - | 47,372,119 |

*Not available

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| DISTRICT | GRADES | ENROLLMENT<br>CURRENT % (Indian) | 5yr. GROWTH<br>NUMBER (%) | DISTRICT LAND % INDIAN | VALUATION PP % TO STATE AV. | ESTIMATED COST OF FACILITIES - - | LESS LOCAL RESOURCES | (COMPUTED) NEED |
|---|---|---|---|---|---|---|---|---|
| CALIFORNIA | | | | | | | | |
| Bishop Elementary | E | 1561 (12) | 111 ( 8) | 1 | 151 | 300,000 | 1,656,417 | 0 |
| Mountain Empure Unified | KEH | 1015 ( 3) | 164 (19) | 6 | 190 | 1,600,000 | 2,000,000 | 0 |
| Princeton Junction Un. | KEH | 340 ( 9) | 10 ( 3) | 1 | 296 | 600,000 | 1,800,000 | 0 |
| Round Valley Unified | KEH | 394 (28) | 43 (12) | 4 | 160 | 409,073 | 879,351 | 0 |
| San Pasqual Valley | KEH | 662 (47) | 43 ( 7) | 8 | 87 | 200,000 | 492,411 | 0 |
| Valley Center Union | KE | 739 ( 6) | 310 (75) | 6 | 250 | 1,250,000 | 1,108,753 | 141,247 |
| TOTAL | | 4711 (15) | 681 (16) | - | - | 4,359,073 | - | 141,247 |
| IDAHO | | | | | | | | |
| Pocatello # 25 | EH | 11,966 ( 3) | 0 ( 0) | 47 | 64 | 6,000,000 | 4,503,940 | 1,496,060 |
| TOTAL | | 11,966 ( 3) | 0 ( 0) | - | - | 6,000,000 | - | 1,496,060 |
| IOWA | | | | | | | | |
| Tama | KEH | 2573 ( 8) | 217 ( 9) | 1 | 82 | 300,000 | 3,491,168 | 0 |
| TOTAL | | 2573 ( 8) | 217 ( 9) | - | - | 300,000 | - | 0 |
| KANSAS | | | | | | | | |
| Mayetta-Hoyt # 337 | KEH | 752 (16) | 2 ( 1) | 12 | 45 | 860,000 | 0 | 860,000 |
| Powhatton # 510 | KEH | 245 (43) | 30 (14) | 30 | 202 | 750,000 | 363,865 | 386,135 |
| TOTAL | | 997 (22) | 32 ( 3) | - | - | 1,610,000 | - | 1,246,135 |
| MICHIGAN | | | | | | | | |
| Bark River-Harris | KEH | 769 ( 9) | 126 (20) | 3 | 35 | 265,000 | 0 | 265,000 |
| Baraga Township | KEH | 788 (15) | 138 (21) | 11 | 39 | 110,000 | 730,500 | 0 |
| Brimley # 17-140 | KEH | 542 (25) | 46 ( 9) | 2 | 53 | 399,500 | 175,466 | 224,034 |
| L'Anse Township | KEH | 1107 (11) | 0 ( 0) | 11 | 70 | 364,000 | 1,825,000 | 0 |
| TOTAL | | 3206 (13) | 220 ( 7) | - | - | 1,138,500 | - | 489,034 |

| DISTRICT | GRADES | ENROLLMENT CURRENT | ENROLLMENT % (Indian) | 5yr. GROWTH NUMBER | 5yr. GROWTH (%) | DISTRICT LAND % INDIAN | VALUATION PP % TO STATE AV. | ESTIMATED COST OF FACILITIES | LESS LOCAL RESOURCES | (COMPUTED) NEED |
|---|---|---|---|---|---|---|---|---|---|---|
| MINNESOTA | | | | | | | | | | |
| Nett Lake #707 | KEH | 91 | (98) | 0 | ( 0) | 100 | 1 | $ 150,000 | $ 2,940 | $ 147,060 |
| Park Rapids #309 | KEH | 2300 | ( 7) | 293 | (15) | 1 | 81 | 425,000 | 425,000 | 0 |
| Red Lake #38 | KEH | 905 | (99) | 176 | (23) | 99 | 1 | 1,000,000 | 13,090 | 986,910 |
| TOTAL | | 3296 | (34) | 426 | (14) | - | - | 5,662,936 | - | 5,221,906 |
| MONTANA | | | | | | | | | | |
| Babb | KE | 77 | (91) | 7 | (10) | 71 | *N/A | 300,000 | 149,763 | 150,237 |
| Box Elder | KEH | 275 | (86) | 65 | (30) | 33 | 42 | 100,000 | 65,448 | 34,552 |
| Brockton | KEH | 215 | (98) | 46 | (27) | 49 | 42 | 1,297,000 | 35,412 | 1,261,588 |
| Browning | KEH | 2165 | (80) | 307 | (17) | 69 | 26 | 14,687,681 | 0 | 14,687,681 |
| Charlo | KEH | 300 | (10) | 0 | ( 0) | 26 | 65 | 300,000 | 55,000 | 245,000 |
| Edgar | KEH | 69 | (43) | 5 | ( 8) | 0 | 80 | 1,000,000 | 171,678 | 828,322 |
| Elmo | KE | 48 | (88) | 19 | (65) | 50 | 109 | 200,000 | 19,615 | 180,385 |
| Frazer | KEH | 205 | (79) | 4 | ( 2) | 35 | *N/A | 1,120,000 | 119,792 | 1,000,208 |
| Hardin | KEH | 1255 | (36) | 0 | ( 0) | 43 | 125 | 750,000 | 1,147,843 | 0 |
| Harlem | KEH | 420 | (57) | 70 | (20) | 55 | 108 | 1,000,000 | 418,446 | 581,554 |
| Hays & Lodge Pole | KEH | 230 | (99) | 0 | ( 0) | 96 | 6 | 2,788,825 | 16,096 | 2,772,729 |
| Heart Butte | KE | 196 | (96) | 20 | (11) | 95 | *N/A | 2,146,400 | 12,829 | 1,987,171 |
| Hot Springs | KEH | 372 | (10) | 8 | ( 2) | 0 | 87 | 262,000 | 0 | 262,000 |
| Lame Deer | KE | 350 | (85) | 41 | (13) | 98 | 29 | 500,000 | 38,000 | 462,000 |
| Lodge Grass | KEH | 525 | (69) | 0 | ( 0) | 48 | 50 | 3,200,000 | 937,348 | 2,262,652 |
| Poplar | KE | 705 | (62) | 0 | ( 0) | 49 | 96 | 800,000 | 500,000 | 300,000 |
| Pryor | KE | 70 | (100) | 18 | (36) | 48 | 142 | 300,000 | 89,515 | 210,485 |
| Ronan | KEH | 1252 | (10) | 119 | (11) | 47 | 84 | 1,000,000 | 582,977 | 417,023 |
| St. Ignacius | KEH | 645 | (27) | 106 | (20) | 46 | 69 | 592,240 | 154,036 | 438,204 |
| Wolf Point | KEH | 1203 | (23) | 0 | ( 0) | 49 | 101 | 350,000 | 754,437 | 0 |
| TOTAL | | 10,577 | (50) | 295 | ( 2) | - | - | 32,694,146 | - | 28,238,191 |
| NEBRASKA | | | | | | | | | | |
| Santee #c-5 | KEH | 48 | (100) | 32 | (200) | 16 | 9 | 900,000 | 22,749 | 877,251 |
| Walthill | KEH | 385 | (15) | 0 | ( 0) | 21 | 71 | 50,000 | 321,704 | 0 |
| Winnebago | KEH | 324 | (71) | 0 | ( 0) | 46 | 28 | 300,000 | 128,935 | 171,065 |
| TOTAL | | 757 | (44) | 49 | ( 6) | - | - | 1,250,000 | - | 1,048,316 |

*Not Available

| DISTRICT | GRADES | ENROLLMENT | | 5yr. GROWTH | | DISTRICT LAND % INDIAN | VALUATION PP % TO STATE AV. | ESTIMATED COST OF FACILITIES | LESS LOCAL RESOURCES | (COMPUTED) NEED |
|---|---|---|---|---|---|---|---|---|---|---|
| | | CURRENT | % (Indian) | NUMBER | (%) | | | | | |
| NEVADA | | | | | | | | | | |
| Carson City | KEH | 5215 | (10) | 1544 | (42) | 1 | 62 | $ 4,000,000 | $ 2,144,451 | $ 1,855,548 |
| Churchill County | KEH | 3014 | ( 6) | 590 | (24) | 2 | 68 | 4,500,000 | 4,386,500 | 113,500 |
| Clark County | KEH | 75,800 | ( 1) | 0 | ( 0) | 1 | 103 | 110,000 | 101,486,042 | 0 |
| Elko County | KEH | 4052 | ( 8) | 43 | ( 1) | 2 | 131 | 400,000 | 7,463,119 | 0 |
| Humboldt | KEH | 1756 | (10) | 26 | ( 2) | 5 | 115 | 243,000 | 2,955,571 | 0 |
| Lyon County | KEH | 2574 | ( 6) | 485 | (23) | 4 | 140 | 12,149,183 | 5,749,183 | 6,400,000 |
| Mineral County | KEH | 1783 | (13) | 375 | (27) | 12 | 32 | 412,500 | 1,500,000 | 0 |
| Nye County | E | 771 | ( 4) | 138 | (15) | 5 | 211 | 225,000 | 2,877,300 | 0 |
| TOTAL | | 94,965 | ( 2) | 0 | ( 0) | - | - | 22,039,683 | - | 8,369,048 |
| NEW MEXICO | | | | | | | | | | |
| Bernalillo #1 | KEH | 2835 | (50) | 250 | ( 9) | 55 | 31 | 1,133,000 | 360,000 | 773,000 |
| Central Consldtd | KEH | 5109 | (83) | 1630 | (46) | 97 | 171 | 2,080,000 | 1,573,438 | 506,562 |
| Dulce Indpt. #1 | KEH | 698 | (81) | 80 | (12) | 80 | 197 | 800,000 | 600,000 | 200,000 |
| Gallup-McKinley #1 | KEH | 13,008 | (63) | 2368 | (22) | 83 | 60 | 33,643,091 | 532,377 | 33,110,714 |
| Magdalena #12 | KEH | 644 | (56) | 30 | ( 5) | 5 | 65 | 501,600 | 30,000 | 471,600 |
| TOTAL | | 22,294 | (66) | 4358 | (24) | - | - | 38,157,691 | - | 35,061,876 |
| NORTH DAKOTA | | | | | | | | | | |
| Dunseith #1 | KEH | 761 | (65) | 88 | (13) | 13 | 10 | 875,000 | 29,000 | 846,000 |
| Eight Mile School #6 | KEH | 178 | (44) | 38 | (27) | 3 | 52 | 750,000 | 362,000 | 388,000 |
| New Town #1 | KEH | 803 | (46) | 129 | (18) | 5 | 30 | 114,532 | 51,000 | 63,532 |
| St. Johns #3 | KEH | 300 | (50) | 18 | ( 6) | 62 | 10 | 2,538,500 | 35,568 | 2,502,932 |
| TOTAL | | 2042 | (55) | 268 | (15) | - | - | 4,278,032 | - | 3,800,464 |
| OKLAHOMA | | | | | | | | | | |
| Anadarko I-13 | KEH | 2139 | (31) | 0 | ( 0) | 23 | 47 | [illegible]0,000 | 7,705 | 122,295 |
| Bell #33 | KE | 267 | (75) | 29 | (12) | 70 | 6 | 355,000 | 17,615 | 377,385 |
| Boone #d-56 | KE | 71 | (75) | 1 | ( 2) | 70 | 133 | 40,000 | 39,960 | 40 |
| Canton | KEH | 472 | (29) | 64 | (16) | 12 | 146 | 750,000 | 459,194 | 290,806 |
| Carnegie ISD-33 | KEH | 885 | (34) | 8 | ( 1) | 26 | 71 | 800,000 | 408,482 | 391,518 |
| Castle #19 | KE | 91 | (40) | 17 | (23) | 11 | 54 | 22,000 | 9,345 | 12,655 |

| DISTRICT | GRADES | ENROLLMENT CURRENT | % (Indian) | 5yr. GROWTH NUMBER | (%) | DISTRICT LAND % INDIAN | VALUATION PP % TO STATE AV. | ESTIMATED COST OF FACILITIES - - | LESS LOCAL RESOURCES | (COMPUTED) NEED |
|---|---|---|---|---|---|---|---|---|---|---|
| OKLAHOMA (Cont'd.) | | | | | | | | | | |
| Cottonwood D-4 | E | 78 | (27) | 28 | (56) | 1 | 10 | $ 10,000 | $ 49,337 | $ 0 |
| Dahlonegah #29 | KE | 109 | (86) | 2 | ( 2) | 66 | 21 | 16,000 | 15,535 | 465 |
| Fillmore D-34 | KE | 76 | (30) | 0 | ( 0) | 30 | 39 | 111,765 | 11,765 | 100,000 |
| Graham I-32 | KEH | 212 | (947) | 22 | (12) | 16 | 40 | 48,000 | 58,616 | 0 |
| Grand View #34 | KE | 314 | (34) | 148 | (89) | 7 | 38 | 40,000 | 26,000 | 14,000 |
| Greasy #32 | KE | 254 | (74) | 67 | (36) | 50 | 17 | 50,000 | 25,572 | 24,428 |
| Hammon Indpt. #6 | KEH | 297 | (38) | 0 | ( 0) | 4 | 170 | 125,000 | 316,000 | 0 |
| Hulbert #17 | KE | 218 | (66) | 0 | ( 0) | 5 | 11 | 8,000 | 16,800 | 0 |
| Indiahoma #2 | KEH | 259 | (32) | 2 | ( 1) | 16 | 69 | 103,000 | 73,000 | 30,000 |
| Indian Camp D-23 | KE | 77 | (32) | 7 | (10) | 5 | 466 | 40,000 | 199,905 | 0 |
| Justice D-54 | KE | 73 | (85) | 0 | ( 0) | 60 | 87 | 25,000 | 35,264 | 0 |
| Kansas I-3 | KEH | 645 | (38) | 28 | ( 5) | 20 | 21 | 250,000 | 13,000 | 237,000 |
| Kenwood D-30 | KE | 89 | (85) | 21 | (31) | 90 | 10 | 37,000 | 5,580 | 31,500 |
| Marble City D-35 | KE | 210 | (54) | 46 | (28) | 3 | 48 | 80,000 | 45,000 | 35,000 |
| Maryetta #22 | KE | 217 | (50) | 94 | (76) | 25 | 10 | 50,000 | 32,346 | 17,654 |
| Oaks Mission | H | 469 | (51) | 99 | (27) | 5 | 7 | 150,000 | 6,000 | 144,000 |
| Pleasant Grove I-5 | KEH | 259 | (38) | 22 | ( 9) | 16 | 4 | 98,000 | 63,000 | 35,000 |
| Ryal D-3 | KE | 71 | (59) | 0 | ( 0) | 50 | 33 | 200,000 | 15,300 | 184,600 |
| Rocky Mountain D-24 | KE | 114 | (43) | 3 | ( 3) | 13 | 18 | 23,800 | 11,054 | 12,746 |
| Salina I-16 | KEH | 775 | (35) | 76 | (11) | 36 | 20 | 258,796 | 3,000 | 255,796 |
| Shady Grove #26 | KE | 85 | (30) | 1 | ( 1) | 6 | 28 | 30,000 | 17,800 | 12,200 |
| Smithville | KEH | 461 | (32) | 227 | (97) | 5 | 41 | 170,000 | 50,000 | 165,000 |
| Spavinaw D-21 | E | 112 | (31) | 0 | ( 0) | 3 | 90 | 18,000 | 54,995 | 0 |
| Stillwell I-25 | KEH | 1367 | (32) | 115 | ( 9) | 5 | 28 | 655,000 | 203,000 | 452,000 |
| Stony Point | KE | 76 | (42) | 21 | (38) | 15 | 140 | 42,000 | 28,512 | 13,488 |
| Tenkiller #66 | KE | 214 | (50) | 100 | (88) | 5 | 33 | 250,000 | 109,000 | 141,000 |
| Watonga Indpt. | KEH | 1116 | (11) | 15 | ( 1) | 1 | 91 | 144,000 | 19,415 | 124,585 |
| Wickliffe D-35 | KE | 57 | (50) | 0 | ( 0) | 64 | 50 | 30,000 | 11,385 | 18,615 |
| Wolf Indep. #13 | KE | 70 | (40) | 0 | ( 0) | 5 | 113 | 93,000 | 54,576 | 38,433 |
| TOTAL | | 12,299 | (37) | 758 | ( 6) | - | - | 5,255,361 | - | 3,241,859 |
| OREGON | | | | | | | | | | |
| Jefferson City #509-J | KEH | 2213 | (30) | 105 | ( 5) | 10 | 280 | 231,400 | 0 | 231,400 |
| Umatilla County | KEH | 3775 | ( 4) | 0 | ( 0) | 15 | *N/A | 600,000 | 11,800,000 | 0 |
| TOTAL | | 5988 | (13) | 171 | ( 2) | - | - | 831,400 | - | 231,400 |

* Not Available

| DISTRICT | GRADES | ENROLLMENT | | 5yr. GROWTH | | DISTRICT LAND % INDIAN | VALUATION PP % TO STATE AV. | ESTIMATED COST OF FACILITIES | LESS LOCAL RESOURCES | (COMPUTED) NEED |
|---|---|---|---|---|---|---|---|---|---|---|
| | | CURRENT | % (Indian) | NUMBER | (%) | | | | | |
| SOUTH DAKOTA | | | | | | | | | | |
| Andes Cen. Ind.#103 | KEH | 603 | (19) | 4 | ( 1) | 6 | 78 | 700,000 | 913,642 | 0 |
| Todd County Indpt. | KEH | 1947 | (61) | 330 | (20) | 70 | 37 | 1,160,000 | 1,298,228 | 361,772 |
| Shannon City Indp. #1 | KEH | 1397 | (91) | 362 | (35) | 83 | 24 | 725,000 | 619,700 | 105,300 |
| Sisseton Indp. #1 | KEH | 1652 | (32) | 31 | ( 2) | 12 | 58 | 4,500,000 | 1,168,280 | 3,331,720 |
| Smee Indp. #5 | KEH | 201 | (95) | 0 | ( 0) | 79 | 3 | 347,000 | 79,168 | 267,837 |
| Summit Indp. #19 | KEH | 248 | (15) | 11 | ( 5) | 1 | 102 | 75,000 | 13,685 | 61,315 |
| Waubay Indp. #184 | KEH | 512 | (27) | 0 | ( 0) | 21 | 71 | 5,075,000 | 655,800 | 4,419,200 |
| White River Indp. #29 | KEH | 448 | (44) | 31 | ( 7) | 36 | 116 | 1,500,000 | 1,014,537 | 486,463 |
| Wilmot Indp. #2 | KEH | 458 | (18) | 0 | ( 0) | 11 | 112 | 2,400,000 | 680,000 | 1,720,000 |
| Winner Indp. #110 | KEH | 1745 | ( 8) | 352 | (25) | 8 | 133 | 35,000 | 13,551 | 21,449 |
| West River #18 | KEH | 631 | (21) | 19 | ( 8) | 33 | 140 | 300,000 | 1,491,786 | 0 |
| TOTAL | | 9842 | (40) | 1443 | (17) | - | - | 17,317,000 | - | 10,775,056 |
| UTAH | | | | | | | | | | |
| San Juan | KEH | 2713 | (46) | 398 | (17) | 25 | 285 | 3,000,000 | 1,810,000 | 1,200,000 |
| TOTAL | | 2713 | (46) | 398 | (17) | - | - | 3,000,000 | - | 1,200,000 |
| WASHINGTON | | | | | | | | | | |
| Bellingham | KEH | 8694 | ( 3) | 0 | ( 0) | 2 | 75 | 2,875,000 | 9,075,000 | 0 |
| Brewster | KEH | 580 | ( 7) | 55 | (10) | 18 | 109 | 750,000 | 586,000 | 164,000 |
| Cape Flattery #401 | KEH | 649 | (36) | 0 | ( 0) | 11 | 135 | 1,525,000 | 2,017,967 | 0 |
| Curlew | KEH | 186 | (22) | 16 | ( 9) | 17 | 75 | 900,000 | 290,000 | 610,000 |
| Cusick | KEH | 355 | (17) | 9 | ( 3) | 2 | 74 | 500,000 | 293,133 | 206,867 |
| Grand Coulee | KEH | 1515 | (13) | 690 | (84) | 0 | 23 | 500,000 | 1,457,000 | 0 |
| Hood Canal | KE | 424 | (18) | 79 | (23) | 15 | 257 | 200,000 | 1,300,000 | 0 |
| Inchelium #70 | KEH | 188 | (76) | 0 | ( 0) | 100 | 63 | 350,000 | 251,048 | 99,952 |
| Marysville | KEH | 5632 | ( 5) | 977 | (21) | 17 | 67 | 800,000 | 1,565,000 | 0 |
| Mary Walker | KEH | 453 | (14) | 210 | (86) | 11 | 54 | 1,450,000 | 1,114,000 | 336,000 |
| Mount Adams #209 | KEH | 977 | (51) | 0 | ( 0) | 100 | 55 | 2,052,000 | 937,862 | 1,114,138 |
| Nespelem #14 | KE | 178 | (83) | 0 | ( 0) | 99 | 37 | 10,000 | 127,957 | 0 |
| North Beach | KEH | 720 | (12) | 11 | ( 2) | 9 | 357 | 240,000 | 5,322,000 | 0 |
| Oaksville #400 | KEH | 373 | (28) | 42 | (12) | 13 | 85 | 840,000 | 647,407 | 182,593 |
| Port Angeles | KEH | 4870 | ( 5) | 0 | ( 0) | 1 | 90 | 3,500,000 | 9,328,936 | 0 |
| Quillayute Valley | KEH | 1400 | (10) | 75 | ( 6) | 1 | 91 | 1,000,000 | 2,443,809 | 0 |

| DISTRICT | GRADES | ENROLLMENT CURRENT % (Indian) | 5yr. GROWTH NUMBER (%) | DISTRICT LAND % INDIAN | VALUATION PP % TO STATE AV. | ESTIMATED COST OF FACILITIES | LESS LOCAL RESOURCES | (COMPUTED) NEED |
|---|---|---|---|---|---|---|---|---|
| WASHINGTON (Cont.) | | | | | | | | |
| Taholah #77 | KE | 159 (96) | 6 ( 4) | 72 | 136 | $ 860,000 | $ 69,051 | $ 790,949 |
| Thurston | KEH | 6874 ( 1) | 774 (13) | 6 | 60 | 150,000 | 6,300,000 | 0 |
| Toppenish | KEH | 2891 (12) | 56 ( 2) | 80 | 44 | 1,175,000 | 1,841,044 | 0 |
| Quinalt | KEH | 420 ( 7) | 20 ( 5) | 11 | 116 | 900,000 | 995,000 | 0 |
| Wellpinit #49 | KEH | 195 (89) | 10 ( 5) | 90 | 24 | 250,000 | 61,148 | 188,852 |
| TOTAL | | 37,734 ( 8) | 2342 ( 6) | - | - | 20,827,000 | - | 3,693,3[illegible]1 |
| WISCONSIN | | | | | | | | |
| Bayfield JT. #1 | KEH | 506 (18) | 117 (30) | 8 | 28 | 100,000 | 101,000 | 0 |
| Bowler JT. #1 | KEH | 598 (22) | 0 ( 0) | 13 | 44 | 700,000 | 837,910 | 0 |
| Lakeland Union HS | H | 748 (10) | 174 (23) | 9 | 199 | 500,000 | 9,084,000 | 0 |
| Wisconsin Dells Jt. #1 | KEH | 1660 ( 4) | 152 (10) | 1 | 92 | 2,200,000 | 7,751,429 | 0 |
| TOTAL | | 3512 (10) | 436 (14) | - | - | 3,500,000 | - | 0 |
| WYOMING | | | | | | | | |
| Arapaho #38 | KEH | 240 (80) | 2 ( 1) | 100 | 20 | 100,000 | 20,000 | 80,000 |
| Ft. Washakie #21 | KEH | 244 (91) | 0 ( 0) | 100 | 116 | 325,000 | 278,395 | 46,605 |
| Mill Creek Elem #14 | KE | 370 (80) | 3 ( 1) | 100 | 41 | 355,000 | 42,000 | 313,000 |
| Wind River # 6 | KEH | 430 (20) | 30 ( 8) | 50 | 188 | 500,000 | 583,393 | 0 |
| TOTAL | | 1284 (61) | 1 ( 0) | - | - | 1,280,000 | - | 439,605 |
| GRAND TOTAL | | 265,169 (22) | 21,884 ( 9) | - | - | 237,963,723 | - | 163,949,044 |

Mr. BENHAM. To provide adequate school facilities for reservation Indians and other children enrolled in the district schools. Six of these same major impact districts in four States will need an additional $2,378,000 construction aid assistance within the next 5 years, or a grand total of $116,450,506. It appears that the work is valid because most of the school districts have current estimates, construction needs, based on prior experience in the Public Law 815 and local bonding purposes.

### PUBLIC LAW 815

The growth in student enrollment as reflected in the 48 district supporting needs, because the growth was 10,553 students, or 29.5 percent—this study revealed there is truly a construction need on the part of these districts.

The study further recommends, Madam Chairman, that there is legislation on the books to take care of this need in terms of Public Law 815 as amended, and the study felt that that was the best way to take care of the needed construction.

Mrs. HANSEN. But, unfortunately, Public Law 815 was funded in such a way that the Indian schools receive little or no funds. The distribution is such that the States do not choose to place Indian projects high on the priority list. So what do you suggest is the practical solution?

Mr. BENHAM. On Public Law 815 in 1974 our information revealed $19 million was appropriated, of which $9,500,000 was used under section 14 for public schools with Indian enrollment. I believe there are five projects to be funded out of this $9 million. So the other thing that is encouraging in the way of developments—and I repeat that this study that you directed be made has received wide circulation because many have heard of it; many have made requests from it, including other committees of the House and of the Senate, and I understand that there are public school possibilities being discussed by other groups, too, for inclusion in legislation, that would come from the Congress.

Mrs. HANSEN. I know there are many projects left to be funded from last year because the budget could not accommodate all of them. All of these schools seem to be in a bad condition all at once.

Shall the committee adopt a policy of saying, "We are not going to fund them," and run the risk of having some school burn down with some Indian youngsters in the school?

Mr. BENHAM. I would say that the report that was directed to be done by this committee certainly reveals a need for some kind of attention to be given in terms of authorizing legislation.

I would also like, if I could furnish for the record—I just gave a very brief synopsis and this is one which I think covers it well and I would like to supply that.

Mrs. HANSEN. Please insert that statement in the record.

[The document follows:]

### SYNOPSIS OF SURVEY REPORTS

1. This survey results from the interest of a House Appropriation Subcommittee in the acute need for adequate school facilities for reservation Indian children enrolled in public school districts.

2. The record shows a severe backlog of urgently needed construction aid requests under Public Law 81-815, exists.

3. Based on the cooperative and enthusiastic support given NITRC by public school, State and BIA personnel, it is believed that the study covers all eligible districts in need of construction aid. One hundred sixty-two districts in 21 States responded to the survey questionnaires.

4. Enrollment of Indian children in the 162 districts increased by 16,811 students within the last 5 years. The school superintendents estimate that there will be an additional 19,428 Indian students to educate in these same districts within the next 5 years.

5. The immunity of Indian reservation lands from taxation is truly an important factor in the ability of school districts to finance needed facilities.

6. Based on the widely accepted ability measure, the amount of taxable evaluation behind each child. Indian related school districts are much "poorer" in comparison with similar type districts in the State where the district is located.

7. Unused bonding capacity is a vital factor in the ability of most school districts to share in the cost of constructing facilities related to the education of reservation based Indian children. The amount of unused bonding capacity that can be considered realistically as an available local resource in computing the construction aid needs of otherwise eligible districts, is probably the most controversial item in the entire study.

8. The public school districts in the State of Nevada differ in many ways from the districts in other States and should be considered on an attendance unit basis in comparison with other districts in other States.

9. The justifications for needed facilities are based on three (3) principal factors :(1) rapid increases in the enrollment of Indian children; (2) replacement of temporary, unsafe and inadequate structures; and (3) housing for new and innovative programs for Indian students.

Forty (40) of the 119 high school districts specifically identified housing for new or expanded vocational shops as a major district need. Sixteen districts reported they could enroll a total of 1,637 Federal boarding school students if their construction aid requests were funded.

NITRC personnel visited all major Indian impact districts (those enrolling 50 percent or more Indian children). Needs and justifications were verified.

Typical of the narrative justifications submitted, is the summary of one quoted the Bark-Harris District, Harris, Michigan. This minor impact district (approximately 10 percent Indian students) is already bonded to the legal limit allowed by the State.

"At present we have one small gym for physical education classes for the entire school district K-12 (769 students). The gym is occupied every hour of the school day. We are unable to provide the required physical and health classes because of the limited space.

"We need additional classroom space to expand our curriculum courses on Indian Culture, Handicraft, Indian Language and other courses of interest to all students.

"We need office space for our counselors. (Indian and School) office space for our consultants in remedial reading and special education, space for our community director, and conference rooms.

"By having the additional facilities we would be able to provide for courses and other activities that Indians would become interested, also would participate in community functions".

10. The rationale for a "liberal" interpretation of what constitutes minimum facilities to meet needs is reflected well in the Twentieth Annual Report of the Commissioner of Education pertaining to the administration of Public Laws 81-874 and 81-815.

11. The survey shows that the urgency for construction aid is now.

12. In answer to the question. "If, Public Law 815, as presently operated, was adequately funded, do you believe your needed funds could be secured under this Federal aid program?" the responses were: 67—Yes, representing $141,266,215 or 72 percent of computed need total; and 95—No, representing $45,453,340 or 28 percent of computed need total.

"No" responses resulted from: (1) Some districts apparently not aware of recent "liberalization" of what constitutes "minimum school facilities" under Public Law 815, (2) some districts are so low on Public Law 815 priority scales that requests are futile, (3) some districts fail to meet percentage requirements, and (4) some districts are confused with the lack of uniformity between the U.S. Office of Education and the BIA in counting Indian children for program eligibility purposes.

A majority of public school superintendents favor a BIA authority to provide construction aid.

13. Summaries of the grand total of needs is shown in the following table:

| | |
|---|---|
| Total cost estimate of the 162 reporting districts for all needed facilities is | $237,962,723 |
| Total cost using all available local resources (principally unused bonding capacity) | 163,949,044 |
| Total cost using one-half of the unused bonding capacity as a resource | 190,764,745 |

14. Of the cost estimates submitted by the districts, 75 percent are considered to be valid.

15. Tribally operated schools under BIA contracts were not considered as a part of the public school survey except for one Indian high school which expects to become a public high school within 5 years.

16. Districts numbering 86 in 17 States reported no Federal construction aid is needed.

17. Our priority measurement was adapted from the method used by Public Law 815 and the district priorities range from 200 (the highest index) to 1 (the lowest).

18. The recommendations include a suggested policy guide for the BIA; namely:

(1) That, the Bureau of Indian Affairs, in its contact relationships with the higher echelons of the administration and the committees of Congress, recommend that the present program under Public Law 815, as amended, be continued as the most logical way to meet the acute construction aid needs of Indian and other federally impacted public school districts with the important modification that the allocation of funds to section 14 be increased to 50 percent of all available funds.

(2) That, the Bureau of Indian Affairs seek legislative authority to construct elementary school facilities for the public schools with large Native impacts in the State of Alaska without impairment of the right of such schools to seek funds under Public Law 815, as amended; and

(3) That, the Bureau of Indian Affairs seek broad legislative authority to provide grants to Indian impacted public schools for the construction of needed facilities in the event that Public Law 815 is not funded to a sufficient level to meet the acute backlog of needs identified in this study.

It is recommended that the amount of any grant to any individual district should be determined only after a sound engineering survey of needs and costs, and after consideration of the extent that local potentially available resources can be considered realistically in determining the local share of a total project.

## BOARDING SCHOOLS

Mrs. HANSEN. What decision has been made with respect to the utilization of the Intermountain School at Brigham City, Utah?

Mr. THOMPSON. After coming onboard, I had an opportunity to visit with Congressman McKay and discuss Intermountain. Also, as background information, I have very rapidly become sensitized to Indian education. I think it is healthy. The needs came out of a misinterpretation, I think, of some comments made during my confirmation hearing. I indicated that as product of an off-reservation boarding school, I am indeed very proud of this fact. As I observe Indian children today, there continues to be a great need for off-reservation boarding schools. I believe that as long as there was need for the off-reservation boarding school, the Bureau should continue to fund, operate, and improve these facilities. But philosophically, as I indicated to the committee, Indian children, like other children in America, should have an opportunity of attending a school as close to home as possible. This makes it possible for them to get what I think is a very vital element in the learning process, which is parental guidance and parental love, which cannot be substituted in a boarding situation.

That comment, I might add, was misinterpreted in such a way as to say that as Commissioner, I was opposed to off-reservation boarding schools. That is really not the case. Where there is a need, as we have in many situations because of social circumstances with the family, boarding schools are necessary.

Mrs. HANSEN. But you also have another problem, Mr. Thompson, as you are well aware. Until you construct roads in some of these areas, you can't do much to improve this situation. Now, with the energy crisis, you have another problem involved.

You also have the problem in certain reservations of an adequate water supply. You constructed an Indian school in one area, and by the time it was constructed, the well went dry. So you found yourselves in a reconstruction process rather shortly thereafter. So that you do have some problems, over and above the social problems.

I was down on the Navajo Reservation at a time when there was a blizzard. The youngsters were getting off the schoolbus. They would have to walk approximately 2 miles. I just thought to myself, how would I like my child walking 2 miles in that blizzard, which was really blowing. Both Mr. Reifel and I were on that trip, and we were very dismayed. There were practically no roads in that area. I just wondered at that time, how many of those youngsters would get up in the morning and face a blizzard.

Then you also have the problem of many parents that will not get up and get breakfast for their children, so the children have to go off to school without breakfast. If you have a breakfast program, this probably eliminates part of the problem.

You have some tremendous problems in your boarding and day schools. The Indian people are well aware of them. I think the BIA has done almost everything they can. Sometimes we criticize the BIA unjustly for circumstances that are over and beyond their control.

Mr. THOMPSON. Madam Chairman, as I indicated, I am the product of an off-reservation boarding school and am very proud of it. I had a distinct appreciation of spending 4 years and enjoyed the experience. I came from a small community where there was no practical way to build a local facility there because of the small number of students. I think I was one of two students from that particular area who went away to go to school.

Obviously for that type of situation, I couldn't have a high school unless it was a correspondence course.

## INTERMOUNTAIN SCHOOL

In my discussion with Congressman McKay and others, the problem at Intermountain is one that is reflected across the country. We have declining enrollments. As, through the assistance of Congress, we are getting more "educational seats" closer to home, this causes a declining need for huge off-reservation schools, such as Intermountain which is a beautiful facility.

It is my understanding the enrollment has declined from about 2,100 to approximately 700 students. We are faced with a very real problem here of maintaining a facility where the economics start catching up with us.

One of the things we are doing, in working with the Congressman, pretty much at his request, an approach with which we concur, is attempting to set up a committee. This group is coming here now on March 8 for the meeting of the National Congress of American Indians and the National Tribal Chairmen's Association. Hopefully, working with State representatives, local representatives, and other Federal agencies, they will look at alternate educational uses or some alternate uses for the facilities there.

If our records are accurate so we can rely on them—and we have no reason to doubt them—we will see a declining need for a secondary educational facility at Intermountain.

This is not to say there may not be need for some other type of educational facility at that excellent complex. But I believe that is where we are. Meetings have been scheduled with both the national organizations on the 7th and 8th of March.

### NEED FOR INTERMOUNTAIN SCHOOL STUDY

Mr. McKay. I believe as a result of our previous meetings you had agreed there should be an "independent study" and review of the previous facts and figures presented to this committee, of the nature and status of Intermountain Indian School. Is that correct?

Mr. Thompson. Yes; for two reasons. The first study was purely an educational one, looking at it through educational eyes. My point was, if there are other Bureau uses or hopefully other Federal uses for the facility, then we ought to at least make them known, and hopefully, through the study, they would become aware of the excellent facilities offered there.

Mr. McKay. Of course, some of the figures in that study were questionable and I think there is some question of validity amplifying the need for another review of that.

In the light of that, there have been several proposals as to what kind of committee you set up to do that.

In meeting with a number of Indian tribes at Intermountain recently, of which you are aware, they were in favor of a total Indian group doing the study.

You indicated, I believe, you wanted someone in the BIA involved. If it went totally to the Indians, I have no objection as long as the needs and the wants of the Indians themselves are met, rather than bureaucrats, or myself.

The indications were from those tribal people that they wanted that school maintained. So I guess the first question is where do we stand in the appointment of that committee for study and when will it get its work completed?

Mr. Thompson. We discussed it with the two organizations in a joint meeting held in Phoenix last month. We agreed at that time to sit down with both organizations to discuss (1) when we get started; and (2) in what direction we go.

In other words, will it be an all-Indian study or are there advantages to having representatives of the Bureau, from the State of Utah, of the local community, and of the congressional offices. That decision is something we want to discuss with them when they get together in early March.

As to when it will be completed, Congressman, in all candor, I couldn't answer that.

Mr. McKay. How soon do you think you could commission this group to start, whichever way you go?

Mr. Thompson. We are hopeful this meeting on the 7th and 8th will pretty much set the direction for the study.

Now, how long it will take will depend on the outcome of that meeting, and also how long it will take to get other Federal agencies geared up, I am not sure.

My objective, as you know, is that we have consented to the study and instructed the area office to continue operation of Intermountain past June. As you know, they had proposed to close it at the end of this particular school year.

In deference to the more in-depth study we are making, we requested it be on for another school year, so we have that time. Obviously, planning the operation of such a facility as you had knowledge of takes as much leadtime as we can grant it.

Mr. McKay. In line with that, in order to have that unit function for another year—as you indicate, you have already decided and that is on line; is that correct?

Mr. Thompson. That is correct. We have made the decision to operate.

Mr. McKay. Then do they not also need to have this study determined to anticipate their curriculum, maybe by the 1st of May? Could that be done?

Mr. Thompson. I think, Congressman, in all fairness, we need it much earlier than that.

Mr. McKay. I will agree with you if you can get it earlier.

If those are your plans, that is fine.

### STAFFING AT INTERMOUNTAIN SCHOOL

In the meantime then, is there still a moratorium on removal of permanent staff and facilities from that school? Until your study comes up?

Mr. Thompson. Let me answer this way: We are going to keep it sufficiently staffed—a direct answer to your question is, we are going to keep it sufficiently staffed in order to meet the student needs that we have there.

I will supply, for the record, if you would like, the current staffing and what is projected. Obviously, the reason I am hedging my bet, if I may, Congressman, is that I don't know what the staffing is and since we have had a declining enrollment, I would be hesitant to say we are going to freeze the employment ceiling currently as it is, because it may be well overstaffed.

### STUDENTS ATTENDING INTERMOUNTAIN

Mr. McKay. Then that brings up another point. As a result of the meeting at Intermountain with the other tribes, there was a statement from these other tribes and they have sent back a preliminary survey which will have to be more substantially verified but in the preliminary judgments that they have sent to me, there are several hundred other students other than Navajos that, if given opportunity to enroll, would enroll, of students who are now not presently in school.

If, by maintaining the school this year, will the policy be to allow other than Navajos to enroll to fill up whatever vacant seats may be available at that school with the existing staffing?

Mr. THOMPSON. I would say yes, with one condition, that we seek out the students that meet the particular curriculum that we are offering at Intermountain. What I am saying refers to the problem we have of dropout students. I think we would be wholly unfair to the students and to the administrators there to say that we want to invite, "all the dropouts from around the country to attend school there."

No. 1, I think that would detract from the program currently offered there, one of obtaining secondary education and, (2) it would be unfair to the students we do attract there because we are not really geared up or prepared to deal with the type social problems that the students may bring.

### TYPE OF STUDENTS AT INTERMOUNTAIN

Mr. MCKAY. In fact, hasn't that been part of the program and a lot of the dropout programs from the Navajos have been the ones sent there to begin with, as well as the others? You have had a kind of a mixed curriculum at the school.

Mr. THOMPSON. If I may, let me refer that question to education, Congressman. I am not familiar with that development at Intermountain.

Dr. BENHAM. There have been those type students at Intermountain.

Mr. MCKAY. The Seminoles sent 10 or 12 in last year, I believe.

Dr. BENHAM. Yes; the Seminoles, I think this is the only other tribe, Congressman.

I was referring specifically to the point the Commissioner was making in relation to youngsters who had dropped out of school and were enrolled at Intermountain.

Mr. MCKAY. The Navajo had particularly sent some of their social problems who couldn't relate on the reservation schools, to that school, isn't that correct?

Dr. BENHAM. Some have gone there and some have gone to the reservation high schools.

I think you will find, Congressman, that Bureau of Indian Affairs high schools serve many of these type youngsters in virtually all of them.

Mr. MCKAY. I think it relates back to his statement that you don't want to disrupt the ongoing normal student situation with dropouts, but to the contrary, the school has been geared, at least, in parts of its phase, for the dropout who has had, not necessarily a bad criminal record, or anything, but has had social problems in his own school situation in the Navajo reservation. Is that true?

Mr. BENHAM. Yes; there are some of those type youngsters at all boarding schools, including Intermountain.

Mr. MCKAY. If we have others of that particular type—and Seminoles apparently testified they have had such success they would like to increase their enrollment there—I agree with you. Any time you can bring a younger child closer to his home for education, I can't criticize that. I have had some problem with that in my own community so I am not objecting to that, but, as I told them there in the tribes, I want to do what is best for all Indians and provide what is good for them and I want their answer as to what they wanted. If it was a usable school for them for their needs, whether for elementary-secondary, or for post-high school, or whatever the function may be, and the input I got was, first, they wanted to know where the Navajo stood. Mr. Billy, the Navajo councilman, then restated the position of the Navajo tribe which, he said, had been made previously and he restated it, that the Navajos did not want to remove the school. They still wanted to maintain it with a priority for the Navajo and then make it a multi-tribal school for any seats thereafter vacant.

Is that in conjunction with the policy of the BIA?

### BIA POLICY AT INTERMOUNTAIN

Mr. THOMPSON. Obviously if we have a need situation in a facility such as Intermountain, our object is not to go round and close that facility.

I think a direct answer to your question would be that if we could find a viable educational use for the facility, that would meet the particular needs of Indian students, and had tribal support, that we would continue Intermountain.

Mr. MCKAY. Now, when you talk about the complexion of whether it becomes feasible to remain open, it is true if you reduce the enrollment sufficiently the cost per child goes up too high, to where you have to move. But that can be an administrative determination by not recruiting eligibles or restricting others who would come, or not notifying them about the availability of schools and thereby normally reducing.

As we found, for example, with the Job Corps, at Clearfield. They decided to close that down, but they arbitrarily reduced the number of enrollees from 1,200 to 600.

As I understand it with the existing staff you could accommodate, without increasing your staff with the present funding, as many as 1,000 to 1,200 students at Intermountain. Is that correct? Could you find out about that?

If that is the case, the projection you have is somewhere in the neighborhood of 700 to 800 in this extended year. Is that right?

Dr. BENHAM. Yes, sir.

Mr. MCKAY. That is roughly from the Navajo tribe only.

If the figures are correct that I just gave you, then will it be the policy to allow other tribes to then enroll whatever students they choose in that program?

### BOARDING SCHOOL ENROLLMENT

Mr. THOMPSON. Congressman, we welcome the study. We hope to get excellent input. We are hopeful that the information that we have is adequate and correct, and we welcome review of those statistics that we have on nationwide boarding schools. However it is our current understanding that boarding schools across the country—as we indicated earlier, as a result of public schools being made available and more facilities close to home are being made available the enrollment nationwide in off-reservation boarding schools is declining.

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As I indicated, if we find those statistics are wrong—hopefully this committee will have an opportunity to look at them—then we certainly would be less than fair to Indian education and Indian students if we went around closing facilities, thereby eliminating their opportunity of getting ahead.

Mr. McKAY. I understand that. I am talking about where we are now and where we are going to go in this year.

According to the information I have here, and the reviews which came back from the tribes themselves, the tribal councils—and I have got a list of them here that I will insert in the record, I won't go into that now—but they indicated—those who appeared said, "Look, we don't have this kind of facility anywhere in the schools we are sending our children to."

[The information follows:]

## POSITION PAPER ON PROJECTED OPERATION OF INTERMOUNTAIN SCHOOL 1974-75 SCHOOL YEAR

The projected usefulness of Intermountain School as an all tribal education center to aid in the cause of self-determination through promoting and meeting educational and training needs of Indian youth and young adults is stated. This broad objective can best be developed around present onboard operational high school, vocational, remedial, therapeutic, homeliving, specialized, and innovative programs.

By providing limited adjustment of the present curriculum, Intermountain School will provide exceptional programs for high school students, the scholar, the high school dropout, the academically retarded underachiever, the socially handicapped problem student and the overage for high school adult.

### A. PROGRAM OBJECTIVE AND PURPOSE

The Intermountain School educational system is oriented to accomplish:

(1) Maximum student personal growth through the elimination of alienation, fear, and the syndrome of failure, the development of a confident self-concept, lifetime goals, and acceptable values.

(2) The development of salable employment skills and the acquisition of functional literacy.

(3) Opportunity for specialization in several subject areas for a broad educational background or college preparation.

### B. NEEDS AND CHARACTERISTICS

The resources for human development at Intermountain School effectively accommodates students with the following personal deficiencies, needs, and characteristics; low academic achievement, desire to acquire a set of salable occupational skills, high achievement, deprivations due to past nonsupportive environmental living conditions, unrealistic self-concepts, lack of identity with his race or peer group, physically handicapped, problems created by alcohol and life-styles and emotionally maladjustment; retardation due to such factors as; low mental ability, poor work and learning attitudes, poor school performance and attendance habits, deep-seated alientations and hatred due to rejection incarceration, prejudice, and culture shock.

### C. HUMAN DEVELOPMENT RESOURCES AND PROGRAMS THAT ELIMINATE DEFICIENCIES AND MEET NEEDS

1. Extensive remedial and innovative programs to develop functional competency in academic and related occupational skills to raise achievement levels.
2. A large variety of vocational training programs on campus with the addition of off-campus training opportunities offered in collaboration with local industry.
3. Work expectations, student recreation, student group leadership clubs, and athletic enrichment and supplemental programs.

4. Counseling and personal involvement on a person-to-person basis providing empathy, friendship, compassion and understanding blended with the encouragement of self discipline and acceptance of responsibilities.

5. A fully integrated program of Indian cultural studies including art, dancing, music, crafts, history, literature, language and contemporary problem courses.

6. Physical, mental and health services and programs to correct speech and bodily dysfunctions and to maintain good health.

7. Homeliving programs that are designed to provide privacy, to develop responsibility, homeliving skills and provisions for a wholesome place to live.

8. Special programs to assist the student in overcoming problems with alcohol and extreme negative behavior. To increase confidence and levels of socialization.

9. Exchange programs to promote better understanding of student youth from other races and social groups.

10. College prep programs for qualified students that includes direct program involvement with Utah universities.

### D. RESOURCES

1. A superior learning environment that includes close proximity to industry, military bases, businesses, universities and recreational opportunities.

2. A school plant recently renovated and equipped with the latest teaching equipment and homeliving furnishings. Extensive space in terms of buildings and grounds that are in an excellent state of repair.

3. A highly cooperative and supportive local community that contributes opportunities for off-campus study, work, social activity, training and general community involvement.

4. A highly trained and experienced staff.

Intermountain School can operate as an all-tribal school and meet the collective and demanding needs of Indian students at the beginning of the 1974–75 school year (August 1974) providing the following stipulations are adhered to and supported:

1. The control of Intermountain School be removed from Navajo area office and placed under another area.

Recommendation: Intermountain School be placed under Phoenix area office.

2. Intermountain School become an all-tribal school representative of those tribes and tribal groups needing and desiring use of the Intermountain complex and its programs.

3. School enrollment to stabilize at 800 to 1,000 students. Navajo tribe be given first priority to enroll 450 to 500 students.

4. Request that Intermountain School retain the present staffing of 211 permanent positions. (Void expected RIF and down grading of positions.) This staffing would be sufficient to provide programs for 800 to 1,000 students.

5. Support school administrative authority in reorganization of school programs, staffing patterns and redesignation of staff duties.

6. Totally support designated all-Indian task force in their planned feasibility study and recommended use of Intermountain School and its programs for betterment of Indian people.

7. More Indian support and input in school operations and student affairs. Support to an all-Indian Regional School Board and Board of Directors.

8. Support employment of personnel representing tribes or tribal groups of students.

9. Budget, fiscal year 1975:

Budget allocations should be as follows:

| | |
|---|---|
| 211 positions | $3, 000, 000 |
| Material and supplies | 500, 000 |
| Total | 3, 500, 000 |

The above total does not include operation and maintenance of plant facilities.

Operation and maintenance of physical plant:

| | |
|---|---|
| 42 positions plus fixed operating expense | $424, 140 |
| Maintenance | 425, 000 |
| Total | 849, 140 |
| Grand total | 4, 349, 140 |

## SURVEY OF INTERTRIBAL GROUPS AS TO NUMBERS OF STUDENTS AVAILABLE TO SEND TO INTERMOUNTAIN SCHOOL

**TRIBAL GROUP** Intertribal Council of Nev. **DATE** 2-13-74

**NAME** Kee Dale, Deputy Director **TELEPHONE** FTS Operator
Reno, Nevada
8-702-784-5911
Kee Dale Bsu. Ph.
8-702-786-3128

| TYPE OF STUDENTS | OFFICIAL NUMBERS | ESTIMATED NUMBERS |
|---|---|---|
| HIGH SCHOOL 9-12 (grades) | | |
| HIGH SCHOOL DROPOUTS | | 150 minimum of severalclassificatio |
| SPECIAL REMEDIAL | | |
| SOCIAL & PSYCHOLOGICAL | | |
| VOCATIONAL | | |
| SOLO PARENT | | |
| YOUNG "ADULTS 18-24 (age) | | |

**Note:** Numbers ask for are Indian youth who are not currently enrolled in a school program or whose educational needs are not being met in their existing program and could better be met at Intermountain School.

**Remarks:** Mr. Kee Dale is the Deputy Director over 23 Tribal Chairmen who represent 23 reservations in Nevada. They meet once a month in Las Vegas. This Sat., 2-16-74, is their next scheduled meeting and Mr. Kee informed me that he was to discuss Intermountain on the agenda. He has already talked to several of the chairmen and they are very interested. From the meeting on 2-16-74 the triba chairmen are to return to their reservations and survey the numbers of students available for Intermountain and send the results to Mr. Kee's office before the next scheduled meeting in March. These will be firm figures. Mr. Kee indicated as an estimate a minimum of 150 students from his area. He said after the firm figures are received, it could well be much higher.

SURVEY OF INTERTRIBAL GROUPS AS TO NUMBERS OF STUDENTS AVAILABLE
TO SEND TO INTERMOUNTAIN SCHOOL

**TRIBAL GROUP** Shoshone-Bannock **DATE** 2-13-74

**NAME** Maxine Edmo and Mr. Adams **TELEPHONE** 8-208-235-6248 Ext. 58
Ft. Hall Tribal Headquarters

| TYPE OF STUDENTS | OFFICIAL NUMBERS | ESTIMATED NUMBERS |
|---|---|---|
| HIGH SCHOOL 9-12 (grades) | | |
| HIGH SCHOOL DROPOUTS | | 75 if eligibility requirements could be changed. |
| SPECIAL REMEDIAL | | |
| SOCIAL & PSYCHOLOGICAL | | |
| VOCATIONAL | | |
| SOLO PARENT | | |
| YOUNG "ADULTS 14-24 (age) | | |

**Note:** Numbers ask for are Indian youth who are not currently enrolled in a school program or whose educational needs are not being met in their existing program and could better be met at Intermountain School.

**Remarks:** Currently sending a few students to Chemawa, Anadarko and a private Catholic school in Arizona. Ft. Hall is located just outside of Blackfoot, Ida. and falls into the public school zoning. Mr. Adams indicated that by state law Ft. Hall Indians are required to attend public school. He indicated that if the eligibility requirements for enrollment would change to open enrollment policy and students given a chance by self determination to select the school that they wanted to attend, he was sure of 150 to 200 students. The dropout rate in public school by Indians in Blackfoot and surrounding areas is above 60%. There are 177 students on the Ft. Hall reservation right now who have dropped from school. He was interested in the nearness of Intermountain (130 miles) in that students could be bussed or go by train on weekends back to their homes.

SURVEY OF INTERTRIBAL GROUPS AS TO NUMBERS OF STUDENTS AVAILABLE
TO SEND TO INTERMOUNTAIN SCHOOL

TRIBAL GROUP Seminole Tribe DATE 2-14-74

NAME Joel Frank TELEPHONE 581-7050
FTS 8-305-350-5011

| TYPE OF STUDENTS | OFFICIAL NUMBERS | ESTIMATED NUMBERS |
|---|---|---|
| HIGH SCHOOL 9-12 (grades) | | 20 |
| HIGH SCHOOL DROPOUTS | | |
| SPECIAL REMEDIAL | | 15 |
| SOCIAL & PSYCHOLOGICAL | | |
| VOCATIONAL | | 15 |
| SOLO PARENT | | |
| YOUNG "ADULTS 14-24 (age) | | |

**Note:** Numbers ask for are Indian youth who are not currently enrolled in a school program or whose educational needs are not being met in their existing program and could better be met at Intermountain School.

**Remarks:** Mr. Frank indicated that he is fairly sure of 50 students in the categories listed above.

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SURVEY OF INTERTRIBAL GROUPS AS TO NUMBERS OF STUDENTS AVAILABLE
TO SEND TO INTERMOUNTAIN SCHOOL

TRIBAL GROUP Piaute DATE 2-15-74

NAME McKay R. Pikyauit Pres.UPT CORP TELEPHONE

| TYPE OF STUDENTS | OFFICIAL NUMBERS | ESTIMATED NUMBERS |
|---|---|---|
| HIGH SCHOOL 9-12 (grades) | | |
| HIGH SCHOOL DROPOUTS | | |
| SPECIAL REMEDIAL | | |
| SOCIAL & PSYCHOLOGICAL | | |
| VOCATIONAL | | |
| SOLO PARENT | | |
| YOUNG "ADULTS 14-24 (age) | | |

**Note:** Numbers ask for are Indian youth who are not currently enrolled in a school program or whose educational needs are not being met in their existing program and could better be met at Intermountain School.

**Remarks:** Return call from Mr. Pikyauit. He said to Call Bruce Parry. He would have a more accurate record.

## SURVEY OF INTERTRIBAL GROUPS AS TO NUMBERS OF STUDENTS AVAILABLE TO SEND TO INTERMOUNTAIN SCHOOL

TRIBAL GROUP Forrest Cuch Ute DATE 2-14-74

NAME Forrest Cuch, Ute Tribal Educ. Coord TELEPHONE 722-2263
FTS 8-524-5500

| TYPE OF STUDENTS | OFFICIAL NUMBERS | ESTIMATED NUMBERS |
|---|---|---|
| HIGH SCHOOL 9-12 (grades) | | |
| HIGH SCHOOL DROPOUTS | | |
| SPECIAL REMEDIAL | | |
| SOCIAL & PSYCHOLOGICAL | | |
| VOCATIONAL | | |
| SOLO PARENT | | |
| YOUNG "ADULTS 14-24 (age) | | |

**Note:** Numbers ask for are Indian youth who are not currently enrolled in a school program or whose educational needs are not being met in their existing program and could better be met at Intermountain School.

**Remarks:** Mr. Forrest Cuch is very interested in sending students to Intermountain School. He will survey his area and call us either Friday or Tuesday. He 'represents the Ft. Duchesne Ute Tribe as the Coordinator of the Education Committee. He is definite that there is a good number of potential enrollees, but will confirm this by telephone.

Vic La Course called 2-15-74 and said that he has talked to David Vanderkraats Ed. Specialist in charge of Ute adult training and he indicated that they would have upwards of 35 students he knew of at this time.

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## SURVEY OF INTERTRIBAL GROUPS AS TO NUMBERS OF STUDENTS AVAILABLE TO SEND TO INTERMOUNTAIN SCHOOL

TRIBAL GROUP Inter-Tribal Policy Board DATE 2-14-74

NAME Lorraine Edmo, Director TELEPHONE 345-2761
FTS 8-208-345-3326

| TYPE OF STUDENTS | OFFICIAL NUMBERS | ESTIMATED NUMBERS |
|---|---|---|
| HIGH SCHOOL 9-12 (grades) | | |
| HIGH SCHOOL DROPOUTS | | |
| SPECIAL REMEDIAL | | |
| SOCIAL & PSYCHOLOGICAL | | |
| VOCATIONAL | | |
| SOLO PARENT | | |
| YOUNG "ADULTS 14-24 (age) | | |

Note: Numbers ask for are Indian youth who are not currently enrolled in a school program or whose educational needs are not being met in their existing program and could better be met at Intermountain School.

Remarks: Lorraine indicated that the areas of Coer D' Lene, Bonner's Ferry, and Duck Valley have students who would be interested in coming. They have students that are currently leaving and going away 'toschool. Duck Valky will be included in Kee Dale, Reno, Nev. survey.

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SURVEY OF INTERTRIBAL GROUPS AS TO NUMBERS OF STUDENTS AVAILABLE TO SEND TO INTERMOUNTAIN SCHOOL

TRIBAL GROUP Tuolumne Tribeal Council DATE 2-14-74

NAME Luna Wessell Chairman TELEPHONE 209-928-3661
Tuolumne, California
FTS 8-415-556-9000

| TYPE OF STUDENTS | OFFICIAL NUMBERS | ESTIMATED NUMBERS |
|---|---|---|
| HIGH SCHOOL 9-12 (grades) | | |
| HIGH SCHOOL DROPOUTS | | |
| SPECIAL REMEDIAL | | |
| SOCIAL & PSYCHOLOGICAL | | |
| VOCATIONAL | | |
| SOLO PARENT | | |
| YOUNG "ADULTS 14-24 (age) | | |

**Note:** Numbers ask for are Indian youth who are not currently enrolled in a school program or whose educational needs are not being met in their existing program and could better be met at Intermountain School.

**Remarks:** Mr. Wessell said that he would work with Dorothy Stanley through the weekend to survey the number of students which would be available to enroll at Intermountain School. He will return call the information on Monday or Tuesday, 2-18-19, 74. to Mr. Olsen, or Mr. Speaks, or Supt. Jaeger. He was questioning the time for enrollment for Post High Vocational and if students wanting to take vocational training would have to take academic subjects as well. He was also very 'interested in getting a representative from his area on the task force team to be set up by the commissioner. He represents 3 counties and 2 outlying counties.

SURVEY OF INTERTRIBAL GROUPS AS TO NUMBERS OF STUDENTS AVAILABLE
TO SEND TO INTERMOUNTAIN SCHOOL

TRIBAL GROUP Blackfeet Tribe DATE 2-14-74

NAME Earl Oldperson, Chairman
Browning Montana

TELEPHONE office 338-5311
FTS 8-406-442-9040

| TYPE OF STUDENTS | OFFICIAL NUMBERS | ESTIMATED NUMBERS |
|---|---|---|
| HIGH SCHOOL 9-12 (grades) | | |
| HIGH SCHOOL DROPOUTS | | |
| SPECIAL REMEDIAL | | |
| SOCIAL & PSYCHOLOGICAL | | |
| VOCATIONAL | | |
| SOLO PARENT | | |
| YOUNG "ADULTS 14-24 (age) | | |

**Note:** Numbers ask for are Indian youth who are not currently enrolled in a school program or whose educational needs are not being met in their existing program and could better be met at Intermountain School.

**Remarks:** Mr. Oldperson is in Billings, Montana to a meeting. His secretary stated there are six other tribes very much interested in Intermountain School. There are also 2 tribes in Wyoming. They will attemptto get the information and we are to return the call on Tuesday aftermoon (2-19-74). The secretary indicated that Mr. Oldperson was very elated with the school and the enthusiasm at the meeting. She thought the meeting he was attending was in regards to Inter-tribal use of Intermountain School.

# SURVEY OF INTERTRIBAL GROUPS AS TO NUMBERS OF STUDENTS AVAILABLE TO SEND TO INTERMOUNTAIN SCHOOL

TRIBAL GROUP Nevada Indian Affairs Commissioners DATE 2-14-74

NAME Benson Gibson TELLPHONE 882-7797
Carson City, Nev. FTS 8-702-784-5911

| TYPE OF STUDENTS | OFFICIAL NUMBERS | ESTIMATED NUMBERS |
|---|---|---|
| HIGH SCHOOL 9-12 (grades) | | |
| HIGH SCHOOL DROPOUTS | | |
| SPECIAL REMEDIAL | | |
| SOCIAL & PSYCHOLOGICAL | | |
| VOCATIONAL | | |
| SOLO PARENT | | |
| YOUNG "ADULTS 14-24 (age) | | |

**Note:** Numbers ask for are Indian youth who are not currently enrolled in a school program or whose educational needs are not being met in their existing program and could better be met at Intermountain School.

**Remarks:** Talked to secretary, Mr. Gibson will not be back until after Feb. 19th. She indicated that the committee members have written to the Congressional delegation in support of the school. She will begin immediately to contact officials to get information requested (numbers available). She will call info when ready. They would like to get some literature on Intermountan Scho ol. This area will be included in the Intertribal Coun'cil of Nev. by Mr. Kee Dale, Reno, Nevada.

SURVEY OF INTERTRIBAL GROUPS AS TO NUMBERS OF STUDENTS AVAILABLE
TO SEND TO INTERMOUNTAIN SCHOOL

TRIBAL GROUP Shoshone-Piute DATE 2-14-74

NAME JAMES PALVA Vice Chairman TELEPHONE FTS Op. 8-702-385-6011
Owyhee, Nev. Home Ph. 737-3272

| TYPE OF STUDENTS | OFFICIAL NUMBERS | ESTIMATED NUMBERS |
|---|---|---|
| HIGH SCHOOL 9-12 (grades) | | |
| HIGH SCHOOL DROPOUTS | | |
| SPECIAL REMEDIAL | | |
| SOCIAL & PSYCHOLOGICAL | | |
| VOCATIONAL | | |
| SOLO PARENT | | |
| YOUNG "ADULTS 14-24 (age) | | |

**Note:** Numbers ask for are Indian youth who are not currently enrolled in a school program or whose educational needs are not being met in their existing program and couid better be met at Intermountain School.

**Remarks:** Mr. Palva is the vice chariman of his area. He indicated that most of the students in his area go to county schools which are very good. He was mostly indterested in a Post High Schol Program. He was very interested in the school facilities and only 345 miles from his area. They send some students to Stewart Indian school which is further away than Intermountain. His area falls into the Intertribal Council of Mr. Kee Dale in Reno, Nev. He said that he would get Mr. Kee Dale to call Monday morning to Intermountain to give some estimated numbers of students which would be available for enrollment this Fall.

## SURVEY OF INTERTRIBAL GROUPS AS TO NUMBERS OF STUDENTS AVAILABLE TO SEND TO INTERMOUNTAIN SCHOOL

TRIBAL GROUP Intertribal Council of S. Calif. DATE 2-13-74
Area # 5

NAME Amelia S. Calac TELEPHONE FTS Op. 8-213-688-2000
Pauma. California Bsn Ph. 714-742-1121
1150 X 359

| TYPE OF STUDENTS | OFFICIAL NUMBERS | ESTIMATED NUMBERS |
|---|---|---|
| HIGH SCHOOL 9-12 (grades) | | |
| HIGH SCHOOL DROPOUTS | | |
| SPECIAL REMEDIAL | | |
| SOCIAL & PSYCHOLOGICAL | | |
| VOCATIONAL | | |
| SOLO PARENT | | |
| YOUNG "ADULTS 14-24 (age) | | |

**Note:** Numbers ask for are Indian youth who are not currently enrolled in a school program or whose educational needs are not being met in their existing program and could better be met at Intermountain School.

**Remarks:** Area # 5 has 17 reservations sparsely populated, approx. 300 per reservation. Est. 5 to 8 students from each area. This is only one area of several. Mrs. Calac has been very active in meeting groups and showing the Intermountain School slide program and other materials she took with her from athe meeting here in January. She indicated that everywhere she goes with this information people are very interested. She couldn't give any figures on estimated numbers but was very concerned that Intermountain would fill up with students and that they would not be able to get any of their students enrolled. She attended the meeting in Phoenix with the commissioner and feels somewhat confident that she will be selected as a member of the task force team to explore the possibilities for Intermountain becoming intertribal. She is most enthusiastic.

We, the UNDERSIGNED CONCERNED INDIAN PEOPLE, resolve that to stop all action in closing the present Bureau of Indian Affairs facilities located at Brigham City, Utah, which include the Intermountain Indian School, National Indian Training Center, Bureau Wide Film Library, Professional Library Services Unit, the Bureau's Indian Police Academy and to encourage and enter into agreement with the Public Health Service to postpone any action until final decisions are reached.

Whereas it is requested that the budget of the above Bureau of Indian Affairs Organizations remain allocated at their present level of funding until an Indian Feasibility Study Team has had the opportunity to study and prepare their findings and render a decision.

Whereas it is requested that the [illegible]eau of Indian Affairs fund the feasibility study team which will include represen[illegible]atives composed of the following National Organizations: NCAI, NTCA, USET, NIEA, ITCC, a representative of the Navajo Indianf Tribe and Coalition of Indian School Boards.

| NAME | TRIBE | STATE |
|---|---|---|
| Mel Tonasket | Colville - NCAI | Wash. |
| [illegible] | Seminole Fla | Hollywood Fla |
| [illegible] Sr. | [illegible] | Arizona |
| [illegible] Jackson | Shoshone | Utah |
| [illegible] Sr | ITC of Nevada | NEVADA |
| Betty [illegible] | Paiute | Nevada |
| [illegible] | [illegible] | California |
| Beverly [illegible] | Cherokee | Utah |
| Charles [illegible] | Shoshone Bannock | Fort Hall, Idaho |
| [illegible] | Shoshone-Bannock | Fort Hall, Idaho |
| [illegible] Sr. | Shoshone Paiute Tribes | Owyhee, Nev. |

| NAME | TRIBE | STATE |
|---|---|---|
| Michael J Tiger | Seminole (FLA) | Florida |
| [illegible] | ONONDAGA — NEW YORK<br>National [illegible]<br>on Equal Educational Opportunity | New York |
| Frank [illegible] | Shoshone [illegible] | Fort Hall Idaho. |
| [illegible] | [illegible] Blackfeet | Browning, Mont |
| Mrs. [illegible] Buttenfield | Council Woman Shoshone Bannock Tribe | Fort Hall, Idaho |
| [illegible] | Council Woman<br>Shoshone Bannock | [illegible] |
| [illegible] | Paiute | Richfield Utah |
| [illegible] | Navajo Council (Ed) | [illegible], Utah |
| [illegible] | North Western Shoshone | Brigham Utah |
| Ernest Sickey | Coushatta Tribe of La | Elton, La. |
| [illegible] | Area 5 intertribal Council<br>[illegible] | Box 421 [illegible]<br>[illegible] |
| Lorena L Dixon | Inter-Tribal council of Calif<br>PO Box 224 | Calif.<br>Pauma Valley, Ca [illegible] |
| [illegible] | Sho Ban Tribal Council, | Fort Hall Idaho |
| Mary [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | Brigham Utah |
| [illegible] | Student body U.F. [illegible] | Brigham, Utah |
| [illegible] | USET | Sarasota, Fla |

Mr. McKay. Apparently there is a policy which says, "No, you have got to send them over here." Maybe it depends on which schools you are going to close or which ought to be closed in the total facility.

Aside from that, whether you move a kid from this school to this school, if we just take the returns of those who are now not in school, from other tribes, for whatever reason, who would come there if they had the opportunity, which is close—northern Nevada, southern Idaho, Utah—which are now—the Ute Tribe is sent to Phoenix; some are sent to California. And if there is space closer to home, then you philosophy ought to prevail, that the closer to home you can keep a child would be better. Is that correct?

Mr. Thompson. I believe it is an educational policy that has been instituted in the Bureau sometimes at the request of Indian individuals and Indian people.

Speaking from my previous experience, I know that is the policy currently in Alaska. Over the years we have sent 1,200 or 1,500 students as far away as Oklahoma to receive secondary education. I draw somewhat from my Alaskan experience where we have a philosophy of no students leaving the State for secondary education. That was very much mandated at the request, and the specific demands, if you will, of Indian parents who said it was unconscionable to be sending secondary students clear across the United States for a right of education. So subsequently we in the Bureau have generally concurred in that, that the closer to home the better.

I think that is the genesis of the policy, if I may, Congressman.

Mr. McKay. For example, the Shoshone-Bannock, which is at Fort Hall, just over the line, a half-hour ride, are sent to Oklahoma. None can go to the Intermountain School.

If we have staff available, it couldn't make sense to ship them to Oklahoma if you have accommodations of their needs within 30 minutes from their own reservation.

Mr. Thompson. That seems to make sense. I have no idea why they are going as far as they are.

Mr. McKay. There appears to be a policy—I don't know whether BIA posed it or the Navajo Tribe—is the Intermountain Indian School operated on a contractual basis through the Navajo Tribe or directly by BIA?

Mr. Thompson. I believe it is direct.

Mr. McKay. You administer the funds directly through to the BIA for Intermountain School, is that correct?

Dr. Benham. That is right.

## SCHOOL POLICY IN ALASKA

Mrs. Hansen. Mr. McKay, I want to say at this point that it was a policy for many years to enroll students in the schools where there were vacancies and where they had space.

I was in Alaska a few years ago and the question was whether to rebuild Mount Edgecombe. I looked at that situation and noticed that they were right across the channel 5 minutes away from the Sitka public schools.

This is unfortunately one of the problems the Indian people have.

The Sitka schools wanted the school, but they didn't want the Indian kids in their public schools.

They were told rather bluntly that this was not a good policy.

We had the same situation at Chemawa in Salem. I feel no Indian child should be treated as anything but another American child who needs an education.

Why should we have some youngster mistreated in a public school?

The State of Alaska and the Bureau of Indian Affairs sat down and they formulated a new policy for Alaska which I think is going to work eventually when the Alaskan schools are built. This will eliminate the costs of plane fares down to the States and provide every Alaskan child with an education in his own home State. But you still have the problem of the Alaskan youngsters at Chenawa. Isn't that correct? The committee wanted to spend more on education and less on airplanes.

### POLICY IN RELATION TO CHEMAWA

Mr. THOMPSON. We have a policy in relation to Chemawa. There would be no new starts in Chemawa.

Mrs. HANSEN. I was going to question you on your policy.

Mr. THOMPSON. I might add that policy was for no new Alaskan starts—the policy was made because, in this particular case we have identified new facilities closer to home. We want to, avoid extracting all Alaskan students from Chemawa at one time. We wanted to approach it gradually for several reasons. One, knowing the students—usually in a third or fourth year they have close ties to the school, be it with the administrators, with their social activities, or with their athletic activities.

### INTERMOUNTAIN SCHOOL

Mr. MCKAY. This is in line with what you are saying and what our chairman is saying because here the Shoshone-Bannock are within 30 minutes of this school and yet they are sent to Oklahoma.

You have the Utes which are sent other places. This is not total, but you have some going to various places. According to the testimony of the tribal people themselves, and they would like to have them closer. Like our chairman says, don't give them airplane tickets; leave them closer if possible, and if there are spaces.

You said you put them where you have spaces. Now, you have reduced the spaces from 1,700 down to 700. So the facility can handle, and apparently the staff by your economic figuring and statements earlier, could make the efficiency greater by more students if we get them closer so you can save two ways.

Mr. THOMPSON. Hopefully the study would point that out.

We, like you, are anxious to start.

Mr. MCKAY. I get some indication, as I met with the tribal people at Intermountain, and they were invited from all over the country—as I listened to the Navajo people their concerns were—I gathered their concern was if you keep Intermountain open that would rob some of the funds that they could get on the reservation if in fact this school was not kept open, and that maybe it is a matter of funding rather than the need of the school that we are arguing over, and I would like that clarified a little bit if possible. And that may be just interpretive. But my guess is, as I talked to Peter MacDonald and others, that they are concerned about getting more funds right under their control. If that were one way to—I am not quoting him, I am presupposing what might be some of the thought—that if they closed that down then they would have a better chance to get more funds under their direct control. I don't know that that is viable. It is just a thought.

Mr. THOMPSON. Obviously, we have—there are 210 buildings in the facility there and obviously if we do not have the student enrollment needed to maintain it from a cost/benefit standpoint we have a problem. If the facility was used for purposes other than the Bureau, it could be a benefit—let's make a judgment—the operation and maintenance costs of that facility I think can then be utilized maybe in other educational activities. I am not saying on the Navajo. I am saying maybe in other places to be used in programs, that is, maybe higher education or books or some program-type of activity instead of moneys going to operation and maintenance of a facility.

I am sure you get my point. The more we can spend in program activities in education and the less on maintenance and operation activities the better off educationally we are going to be.

Mr. MCKAY. Speaking in that same vein, the more you can spend in that activity rather than building new buildings with which to replace this facility would cost you, I don't know how many millions of dollars to replace that many spaces already available in the boarding school if you have to have boarding schools. Is that true?

If you are going to go out and build another boarding school somewhere else, why do that when you already have one which, with some maintenance, can be kept alive?

Mr. THOMPSON. I concur.

Mr. MCKAY. We can work that out as we go along.

There are two proposals, I think, that have been generally submitted and I am not sure how formally, about what this study committee should be composed of. I would personally favor to have the Indian tribes themselves involved. If you have a member of the Bureau of Indian Affairs thereon, but I wouldn't want it loaded with Bureau of Indian Affairs, General Accounting Office, General Services Administration, the Bureau of Indian Affairs Education Department, and so on. There is a great fear, I feel, among the tribal people, that the Bureau is circumventing for their positions contrary to what the tribes themselves would like to have.

I just leave that as a thought.

### NATIONAL INDIAN TRAINING CENTER

At the Intermountain Indian School you have the National Indian Training Center. Last year we put in $300,000 for maintaining that Indian training school because it was not programed in the administration's budget. That was about $50,000 less than it had the previous year.

Is it the plan of the Department to retain the Intermountain Training School or do you have other plans?

Mr. THOMPSON. I believe, Congressman, if I may, let me defer to education on that particular question.

Dr. BENHAM. We are in the process of studying the organization and the functions of all of the central office—and that is what it is a part of, Congressman McKay—divisions and branches, including the National Indian Training Center, and, of course, as the Commissioner pointed out in his opening remarks, what we are trying to do is to improve the delivery services to the Indian people. We are trying to clarify responsibilities and authorities and to put them as close to the local level as possible.

So that is it. The National Indian Training Center is in that overall organization.

Mr. McKay. Is it presently the only training center that you have in the BIA?

Dr. Benham. It is in education.

Mr. McKay. The only center you have in education?

Dr. Benham. Yes, sir.

Mr. McKay. And the function of this group is to go out on the ground level aside from seminars of the school itself, that they send out people on the reservation down with them to help them with their educational and administrative problems, is that true?

Dr. Benham. That is part of the work they have been doing, yes.

### POSSIBLE TRAVEL CONSTRAINTS

Mr. McKay. Last year in the budget, of the $300,000 you set aside something like $19,000 for supplies, which appears to be more there than was needed. Is is possible to transfer that to travel where it is more needed or does it have to say by your allocation for supply?

Mr. Sykes. We have flexibility.

Mr. McKay. Do you believe they are being stifled to perform on the reservations because of budget restraints of existing money held up in other areas where maybe it may not be needed? I would appreciate your filling me in on that.

Mr. Sykes. Did they indicate they were being stymied in travel?

Mr. McKay. Yes, that particularly. There may be others.

They operate in 16 or more states, I believe, where they travel on the ground, and work, and it is reported they are doing great work.

### REFERRAL SERVICES

Mrs. Hansen. Yesterday we had some discussion with the Secretary and Mr. Wiles on the $275,000 available for referral services to urban Indians.

Mr. Thompson, can you give us a summary of what use has been made of that money?

Mr. Thompson. Madam Chairman, upon coming on board, I had a distinct opportunity of preparing for the budget hearings and, in so doing, read over the statements made last year, and I noticed the committee's particular concern about that $275,000 which last year was allowed to lapse without being expended.

Mrs. Hansen. With all the needs we couldn't understand why it should have lapsed.

Mr. Thompson. Recognizing that and also asking about the current status of the $275,000. My information was that to date, it had not been identified for any specific use. I and members of the Budget Office immediately went over it 2 weeks ago and started discussions with

HEW to insure that the moneys—and we will give you this assurance—that the moneys the committee intended to have utilized will be utilized in this fiscal year.

Mrs. HANSEN. Mr. Wiles, what was happened since tnat bill passed?

Mr. WILES. The Bureau has been working with HEW to work out a plan to use it, I suppose.

Mr. THOMPSON. In all fairness, if I may, we feel that, No. 1, the Bureau working with the HEW will be able to get some good use——

Mrs. HANSEN. We hoped we would have a report from you by this time.

Mr. THOMPSON. Madam Chairman, I submit to the committee the money will be properly spent.

Mrs. HANSEN. As you know, we are deeply interested in this whole problem. You can't operate in the dark forever.

Mr. Wiles, you remember the discussion. The committee provided funds because of its deep concern for the problems, so that you could develop some answers.

It seems to take from October to the next session of the committee to get these agencies energized. How many blocks apart are you? You can't be more than 20 blocks.

Mr. SYKES. Eighteen blocks.

Mrs. HANSEN. Mr. Thompson, I have a warning, the committee is going to take a very dismal view of someone deciding what the committee meant and what the committee didn't mean.

When the committee adds funds to satisfy the genuine needs of the people of this country, we have no intention for bureaucracy to take it into their hands and decide that something doesn't need to be done. You have a directive from us.

Mr. THOMPSON. We realize that, Madam Chairman, and it shall be followed.

### INDIAN CLAIMS

Mrs. HANSEN. Public Law 93–134, October 19, 1973, changed the procedure for distribution of certain Indian claims.

Chairman Haley of the House Interior and Insular Affairs Committee has written to the Appropriations Committee that certain language in our appropriation bill should be deleted.

I will place in the record at this point the letter from Chairman Haley.

[The letter follows:]

NINETY-THIRD CONGRESS
JAMES A. HALEY, FLA., CHAIRMAN

ROY A. TAYLOR, N.C.
HAROLD T. JOHNSON, CALIF.
MORRIS K. UDALL, ARIZ.
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PAUL W. CRONIN, MASS.
DON YOUNG, ALASKA

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS
U.S. House of Representatives
WASHINGTON, D.C. 20515

SIDNEY L. MC FARLAND
STAFF DIRECTOR AND CLERK
LEWIS A. SIGLER
GENERAL COUNSEL
CHARLES LEPPERT, JR.
MINORITY COUNSEL

October 29, 1973

RECEIVED
OCT 30 1973
APPNS. CMTE.

Honorable George H. Mahon, Chairman
House Committee on Appropriations
Room H218, United States Capitol
Washington, D. C.

Dear Mr. Chairman:

On October 19, the President signed into law S. 1016, providing for the distribution of Indian judgment funds (Act of October 19, 1973; Public Law 93-134). In brief, the bill provides that, after appropriation of such funds, the Secretary of the Interior will prepare and present to the Congress a plan for the distribution or use of the funds. If neither House of the Congress passes a resolution disapproving the plan within sixty days, the plan will become effective. If either House disapproves, the Secretary would be required to submit legislation.

Public Law 93-134 was enacted on the following grounds:

> (1) While the enactment of separate legislation in each individual case was initially necessary in order to permit congressional oversight regarding such distribution, over ten years of experience has provided sufficient guidelines for administrative distribution. The Act continues to provide for ample congressional oversight.
>
> (2) The requirement for enactment of separate legislation has severely over-burdened the time and effort of the members and staff of the Committees on Interior and Insular Affairs, preventing them from reaching the more substantive issues in Indian affairs.

> (3) The procedures established in Public Law 93-134 will eliminate much of the existing delay in distributing the funds to rightful recipients.

Enclosed is a copy of the report on H. R. 8029 which more fully explains the effect and purpose of the legislation.

As you are aware, for several years, the Interior Department Appropriation Act has contained language which requires that separate legislation be enacted for each judgment award prior to its distribution. That language reads as follows:

> "*Provided,further*, That nothing contained in this paragraph or in any other provision of law shall be construed to authorize the expenditure of funds derived from appropriations in satisfaction of awards of the Indian Claims Commission or the Court of Claims, except for such amounts as may be necessary to pay attorney fees, expenses of litigation, and expenses of program planning, until after legislation has been enacted that sets forth the purposes for which said funds will be used."

In order that Public Law 93-134 may be effective, the quoted clause should be omitted from future Interior Department Appropriation Acts. Your assistance will be appreciated.

Sincerely,

James A. Haley

JAMES A. HALEY
Chairman

JAH:mw

Mrs. HANSEN. Please give us for the record your response to this letter.

[The information follows:]

> In lieu of the complete deletion of the language as suggested in the letter of October 29, 1973, from Hon. James A. Haley, chairman of the Committee on Interior and Insular Affairs, House of Representatives, to Hon. George H. Mahon, chairman of the House Committee on Appropriations, the Bureau of Indian Affairs believes a substitution of the following is desirable:
>
> "*Provided further*, That nothing contained in this paragraph or in any other provision of law shall be construed to authorize the expenditure of funds derived from appropriations in satisfaction of awards of the Indian Claims Commission and the Court of Claims, except for such amounts as may be necessary to pay attorney fees and expenses of litigation for which claim is made by the date of approval by Congress of a plan for the use or distribution of a judgment, until after a disposition plan has been approved according to law that sets forth the purposes for which said funds will be used;"

### TURTLE MOUNTAIN INDIANS

Mrs. HANSEN. Last year the committee had a witness before it who discussed at some length, and with some emotion, the problems of the Turtle Mountain people. By directive dated May 18, 1973, the committee requested that an investigation be made of allegations of nepotism and waste in the expenditure of funds provided to the Indians. Funds provided to the tribal council came from a variety of sources, including the Economic Development Administration of the Department of Commerce, the Department of Labor, the Department of HEW, the Office of Economic Opportunity, and the Bureau of Indian Affairs within the Department of the Interior.

Our investigators prepared a report for us which I will hand you and ask you to make some comments for the record.

[Note: The Department failed to supply the information in time to be printed in the record.]

Mrs. HANSEN. I do want to quote the charges made of nepotism and waste, and the final observation of our investigators:

> The above figures indicate a total of $7,285,512 was allocated by various Federal agencies in fiscal year 1973 to the Turtle Mountain Band of Chippewa Indians.
>
> It is further noted that this group owns approximately 69,000 acres of land, of which 26,000 acres reportedly is useful for grazing and farming. The resident population of the reservation is approximately 4,500 with another 2,900 residing adjacent to the reservation, a total of about 7,400.
>
> The above figures do not consider local, State or Federal programs such as social security, welfare, food stamps, unemployment compensation, old age assistance, et cetera. Nevertheless, the above funds, alone represent almost $1,000 for each man, woman and child in fiscal year 1973.
>
> The petty jealousies and allegations of waste and nepotism raised by tribal members pale in comparison to the obvious lack of planning and coordination by the BIA. If the BIA has a mission, it should certainly be to see that necessary guidance and assistance are given in the management and coordination of Federal program to the benefit of the Indian population.
>
> The lack of lasting results due to poor managment of these programs by the Indians can, to some degree, be excused due to their lack of education and experience in managing such projects.
>
> The inaction and lack of effective administration by the BIA under the circumstances is difficult to explain and more difficult to excuse, as is the lack of control exercised by the various agencies responsible for the individual programs and grants.
>
> The BIA seems to be hiding behind a decision supposedly made in the early 1960's that the Indians' future is to be determined by Indians. To say, as the BIA does, that it has been restructured to bring about this policy of self-

determination and that it is totally responsive, supportive, and flexible to the efforts of the Indian people, is not only inaccurate but indefensible.

BIA personnel say they are following a policy of not interfering in the internal governmental operations set up by the tribal council.

The federal funds are released to the council in good faith but the administration of programs and funds needs improvement. The tribal council does not have a good personnel program, and there are no set rules on hiring and firing or for standards of employment. Petty political policies seem to be the rule rather than the exeception and an individual's qualification for a position are not governing factors in whether he is hired.

The tribal council has no procedure for checking the manner in which programs are carried out other than to perform the regular bookeeping functions.

There is a dire need for auditors to examine the various programs to insure that funds are wisely and advantageously expended.

What seems to be needed most is an overall manager to coordinate the numerous Federal assistance programs at the reservation. It would appear this should be a function of the BIA.

## POTENTIAL PROBLEMS IN CONTRACTING WITH TRIBES

I read these last two pages because you are going to run into the same problem in your contracting with tribes. As you are well aware, there are Indians who are dissatisfied and will present charges which are extravagant and reckless. On the other hand, there will be realistic charges of nepotism, charges of bad management, etc.

I noted that when you transfer funds to the tribes a percentage of those funds were for administration. I think that is entirely proper for the management, but how are you going to keep track of the problems of fiscal management so that the entire system does not collapse?

The committee is completely understanding of the problems that are involved. There is a lack of perhaps skill in certain managerial functions.

What plans are you developing for an educational program in the managerial skills, so that there is the sophistication necessary?

Mr. THOMPSON. Madam Chairman, that is a point and I compliment you for looking down the road in this venture that has been going on over the last couple of years. Contracting is not brand new.

Naturally I think we agree that as administrators of pubic moneys we have to assure the highest and best use of the dollars obtained.

I see two or three methods of insuring this. Yet keeping the same goal in mind that we are attempting through these contracting techniques, one, to deliver the service to the Indian individual that we are charged with doing, and, two, through the process of transferring governmental functions from governmental agencies to tribal entities, we are hoping to strengthen tribal governments. That we really mean that when we say we are going to strengthen tribal governments, and there are two or three types of methods of doing it: No. 1, insuring that the tribe understand their responsibilities, the Government responsibilities, and the program implementations which they are undertaking.

Secondly, I think more in line directly with your questions though, I think we need more and frequent audits and maybe different types of audits. Perhaps we need some performance types of audits as opposed to dollar amount types of audits which says you should have spent the dime here and you spent it over here.

I think we need more audits along the line of performance evaluation of the entire program. Looking at several other factors, for example, the management of the program and how effectively the dollar is transferred through the tribal community down to the individual Indian, what the tribe's weaknesses in management and internal management of the program are, down through very frequent types of audits along these lines. I think it will strengthen the tribal growth to recognize some of their weaknesses if they are there, and they exist.

I have great reliance on that type of evaluation as opposed to fiscal audit.

### HIDDEN COSTS OF CONTRACTING

Mr. Evans. Apparently in determining what Indians should be paid to perform functions, many hidden costs are not taken into account. Included among these are centralized services of the Interior Department. The services BIA gets from other governmental agencies, such as centralized recordkeeping, bookkeeping, legal opinions from the Solicitor's Office, equipment costs, insurance costs, which the BIA may not need, but the Indians do.

It is my understanding these costs have to be absorbed by the Indians.

Mrs. Hansen. Not in this current budget, Mr. Evans.

Mr. Evans. You were talking about management and having management talent and so forth.

Mrs. Hansen. Their budget this year carries the administrative costs in the contract. The Navajos you recall last year, were particularly critical of the fact that they had to use their own funds to provide for administrative costs. The budget this year has taken this into account, and in the Directors opening statement I believe he made the point that the BIA will provide managerial money.

Mr. Evans. I am delighted to hear that.

If the witness has already testified to this, I am sorry I wasn't here when the question was answered.

Mr. Thompson. We have attempted to break it out in the 1975 budget to assure that it doesn't cost any Indian tribe money to do business with the Bureau.

Your point, if I may agree with you somewhat, goes deeper than just to the financial amounts. You are heading into an area where we have to explore a little more deeply. The other attendant services that a Federal agency, because of its huge vastness and the numbers that we have, that can bring to a particular community, whether it is a State or city government, or a local Indian government here, are somewhat minimized if we transfer all authority and all powers out to that particular Indian organization. Somewhat it is lessened.

Mrs. Hansen. That is what the investigator said about Turtle Mountain.

Mr. Thompson. The move has some very distinct advantages, as I view it. Of course, it has some drawbacks. At any time you have a Federal presence, hopefully there are some side benefits to that presence and some of the benefits are maybe in getting appeals handled more properly.

That is not to say the Federal Government is going to walk away from their responsibilities in the contractor area. Hopefully through this mechanism we can strengthen them somewhat.

Your question looks at some other attendant reasons for having a Federal presence. We hope we don't minimize the services available to the Indian community through contracts. Certainly that is not our objective.

Mr. EVANS. I thank the chairman for yielding.

Mr. THOMPSON. Madam Chairman, if I may expand on the services we will be making to the Indians because of the contracting activity, from a management point of view, we are currently looking at the management we currently have within the Bureau to be sure we have sufficient manpower available to negotiate, to administer, to do the evaluation types of things in our contracting section within the Bureau.

We will be coming forward hopefully with some recommendations after that study is completed.

Mr. SYKES. Mrs. Hansen, may I just add that we expect in this overhead cost we speak of that will come from the BIA personnel that will be identified when we go into contract, this overhead cost the tribes will put in will have to be an auditable cost. As in the case of the Navajo last year, they have had Peat, Marwick and Mitchell come in and actually come up with a figure that is their auditable cost. That will be added to the contract and therefore the tribe will not be cut out of any program money, or it won't cost them anything because of that.

By the same token, that contract is still open to audit at the culmination of it, or during the time that it is going on, so that they can go back in BIA or departmental people can go back in and audit those costs to make sure they were correct costs charged to the contract.

Mr. EVANS. Thank you.

Mrs. HANSEN. I agree with you, Mr. Thompson. There are factors, other than just the money. How well, for example, is your personnel program working? How many people are you reaching, et cetera? These are the things that go to the very success of the program.

I would like to compliment you on the way you have summarized your budget in the first five pages of the justifications. I think this is an excellent way of doing it, Mr. Wiles.

I notice the population has apparently grown in the Indian world. To what do you attribute that?

Mr. THOMPSON. The 1970 Census was some help in that matter, Madam Chairman. The recent rolls we have taken, I think better identify Indian people. Other than that, I have no defense for the increase.

### INDIAN HOUSING

Mr. EVANS. Your justification indicates 47,100 new homes will be required. Is this figure based upon the new census of the Indian population or the old census of the Indian population?

Mr. R. BUTLER. It is based on a 1973 housing study on Indian reservations.

Mr. EVANS. Which study I presume was aware of the dramatic increase in the number of identifiable Indians who have to live somewhere, and presumably in homes of one kind or another. Would I be correct in saying this 47,000 figure reflects this population that you have?

Mr. R. BUTLER. No, Congressman Evans, it would not in terms of its update because this is a 1973 housing need study and housing needs have increased somewhat since that date. It would bring it up to the on-reservation families served by the housing program.

Mr. EVANS. Last year you brought before the committee a housing estimate during last year's presentation.

Mr. R. BUTLER. Yes, sir. The total family structure is estimated now at 106,900 familes, and the one we brought before you last year was 103,300.

Mr. EVANS. Last year you asked for how much new housing?

Mr. R. BUTLER. Approximately the same as we are coming before you this year on.

JUSTIFICATION MATERIAL

Mrs. HANSEN. At this time we will place justification pages i through 52 in the record.

[The pages follow:]

DEPARTMENT OF THE INTERIOR

BUREAU OF INDIAN AFFAIRS

HIGHLIGHT STATEMENT

The Bureau of Indian Affairs proposes a budget of $634.7 million for fiscal year 1975, of which the largest single item is $219.0 million for Indian Education. Seventy million dollars of the total request is for the 1975 payment to the Alaska Native fund as authorized under the Alaska Native Claims Settlement Act, Public Law 92-203, enacted December 18, 1971.

The Bureau's budget request for fiscal year 1975 is presented in a new appropriation structure which more clearly and adequately describes the activities and functions of the Bureau and its organizational structure. In keeping with this Administration's key policy which allows concerned Indians to assume the control and operation of Federally funded and administered programs, the new proposed structure includes a line item as a subactivity in the operation of the Indian Program appropriation entitled "Direct Indian Operations" for all programs with the exception of Trust Responsibilities and Services -- Indian Natural Resource Rights Protection and Real Estate and Financial Trust Services. There will remain implicit in this assumption of operations policy the fact that the Indian tribes, organizations, or individuals will make the determination of what they wish to assume and when they will do so. Also, as in the past, the right to return control and operation of programs to the Bureau is available at all times and in all instances. Bureau officials will act as brokers and never as salesmen.

This subactivity contains estimates of funds to be granted directly to or contracted directly with individual Indians, Indian tribes, or Indian organizations. In past years these funds were included as a part of regular program estimates. In addition, this new subactivity includes funds transferred from each program which will be available for payment of overhead or indirect costs incurred by Indian tribes or Indian organizations in contracting with the Federal Government for the provision of programs and services normally provided by Federal employees. This transfer of funds is based upon attrition of employees in programs to be contracted and, therefore, does not reduce in any way total program funds available. This will alleviate the concern expressed recently by several tribes that it costs them tribal and program dollars to do business with the Bureau.

Although funds are specifically earmarked for these purposes in this subactivity, in keeping with the policy of Indian self-determination, should the tribes or individuals elect not to enter into contractual arrangements, funds will be used by the Bureau to carry out programs in the same manner as in the past, which assures that services will in no way be terminated or diminished. This assurance to the Indian people is absolutely essential if this new system of delivery of services is to be successful and, therefore, has been explicitly spelled out in the "Program and Performance" statement of each appropriation.

Indian involvement and participation in the program planning decisions of the Bureau have again been stressed and upgraded. Local Indian priorities for the fiscal year 1975 Bureau budget were determined on an agency-by-agency basis by means of a priority analysis system. These priorities have been used to help develop the distribution of fiscal year 1975 funds down to the local level on a program-by-program basis. To familiarize Indian leadership with the Federal budget process in general and the Department and Bureau processes in particular, a budget formulation and program planning workshop was developed for use at the agency level as a preliminary step to the fiscal year 1976 budget cycle. The workshop's major emphasis is to assist Indian leaders in establishing local priorities relating to the Bureau's programs under constrained funding levels.

The funds requested will provide for:

Indian Education - $219.0 million. Among other efforts the requested funds will provide program assistance for approximately 100,000 Indian students who will be attending public schools. Monies are needed to provide for special educational projects such as special English language teachers, bicultural classes, kindergartens, and school-home coordinators.

Over 53,000 Indian youth will be attending Federal schools with an additional 4,000 being provided dormitory boarding services while attending public schools in communities near Indian reservations.

Under the Career Development Program Indian students are enrolling in colleges and universities in greater number each year. During fiscal year 1975, scholarship grants will be provided for approximately 14,700 Indian men and women as compared with 13,500 in fiscal year 1974. The majority of these students come from homes with income below today's national poverty level. About 11,000 Indian adults will be provided adult education services while another 8,000 will be assisted through adult vocational training activities throughout the United States.

Indian Services - $96.3 million. The major emphasis of the Indian Services program in fiscal year 1975 will be aid to tribal governments and social services. The proposed increase of $2.0 million to a total of $10.9 million in aid to tribal governments will permit increased activity in the tribal government development program, as well as increasing the funding available for tribal comprehensive planning.

The proposal of $63.7 million for fiscal year 1975 social services represents an increase of $3.4 million over fiscal year 1974. This increase is necessitated by the increased unit costs for assistance to an estimated general assistance caseload of 75,000 persons and a child welfare caseload of 3,600 children. The tribal work experience program will be carried on by 31 tribes in fiscal year 1975 and will benefit an estimated 4,525 participants.

The fiscal year 1975 law enforcement budget of $8.8 million will provide services to over 300,000 Indian people on 87 reservations in 17 states where local authorities have not assumed civil and/or criminal jurisdiction.

The Bureau's fiscal year 1975 budget calls for $12.9 million for housing. While the bulk of new home construction on reservations is the responsibility of the Department of Housing and Urban Development under separate appropriations, Bureau of Indian Affairs' programs will account for 500 new homes and 4,400 renovations.

Tribal Resources Development - $57.6 million. In fiscal year 1975, $57.6 million is requested for the development of tribal resources, an increase of $6.3 million over fiscal year 1974. Primary efforts will be directed toward increased Indian employment and income; an intensified program for the inventory, conservation, development and utilization of natural resources; and improved road maintenance services.

Assuming continued growth in the Nation's economy, the $2.3 million increase in business enterprises, credit, and direct employment, along with efforts in other program areas, is expected to add about 5,000 man-years to Indian employment, with 800 resulting from placement services and additional contracts which provide on-the-job training.

An additional $1.3 million over the fiscal year 1974 level for forestry and agriculture will be used to strengthen conservation and development efforts on Indian lands and will provide urgently needed technical services on leasing and harvesting arrangements to assure optimum returns to the Indian community. There will be $1.0 million to begin a comprehensive inventory of energy resources, and $0.5 million to improve obligatory Federal maintenance services in irrigation projects where the current maintenance level is resulting in deteriorating facilities and reduced water deliveries.

The $1.2 million increase for road maintenance will provide increased maintenance services of approximately $50 per mile for the Indian reservation road network of approximately 22,740 miles. This will improve useability and reduce road deterioration.

Trust Responsibilities and Services - $17.9 million. The request of $17.9 million for fulfilling the Government's trust responsibilities in fiscal year 1975 provides for an increase of $3.4 million over fiscal year 1974. Primary emphasis will be directed to protecting Indian rights in water and other property, and in strengthening real estate and financial management services.

An increase of $1.0 million for water rights protection work will provide for initiating 35 additional water studies, for completing 34 water use plans now underway, and for filing or appealing 8 additional litigation cases. In addition, programs will be strengthened to assure that environmental quality standards are being maintained.

A $2.4 million increase for trust services will provide urgent backlogged land appraisal, lease, and management services, increasing the number of appraisals by 2,600, and land conveyance, rights-of-way, and other lease services by over 17,000. The total number of leases expected to be in effect exceeds 95,000. In addition, financial management and accounting services will be strengthened for the estimated $465.0 million in tribal investments and individual Indian accounts being serviced.

General Management and Facilities Operations - $63.0 million. Included in the fiscal year 1975 budget request are funds to provide for the general management and administration of the Bureau ($6.1 million); annual program planning and development at the reservation level ($3.0 million); safety management and employee compensation ($1.7 million); and the rental, operation, repair and maintenance of physical facilities in support of Bureau programs ($52.2 million). Included are funds transferred to the Department of Labor for employee compensation claims; and to the General Services Administration for space owned or leased by them which is being used by the Bureau.

Construction (Buildings and Utilities) - $27.4 million. The construction program in fiscal year 1975 includes funds for 16 additional kindergarten classrooms and 16 related staff quarters; one day school building at Diomede, Alaska; completion of Grey Hill High School, Arizona (renamed Tuba City High School); facilities at Haskell Indian Junior College, Lawrence, Kansas; an administration building for the Navajo Indian Irrigation Project, New Mexico; and funds to cover inflated construction costs at Navajo Community College, Tsaile Lake, Arizona. Funds will also provide for design drawings for future projects and the purchase of equipment for facilities now under construction.

Irrigation Construction - $24.5 million. The proposed budget estimates for irrigation systems for fiscal year 1975 provides $17.2 million for the Navajo Indian Irrigation Project located in New Mexico and $7.3 million for other Indian irrigation projects and related power systems.

Road Construction on Indian Reservations - $59.0 million (Liquidating Contract Authority). The Bureau of Indian Affairs will continue to emphasize in fiscal year 1975 the need of developing adequate road systems on Indian reservations. The program will provide for grading of 446 miles, paved surfacing of 577 miles and gravel surfacing of 148 miles.

Alaska Native Claims - $70.0 million. Included in the fiscal year 1975 budget request is $70.0 million for the Alaska Native claims. These funds will be used for the settlement of land claims of Alaska Natives as authorized by P.L. 92-203, December 18, 19[illegible]. This settlement will be accomplished in conformity with the real economic and social needs of the Natives and with their maximum participation in decisions affecting their rights and property. Funding to date has been $12.5 million in 1972, $50.0 million in 1973 and $70.0 million in 1974. The Act requires that the claims be paid out in 11 years.

Navajo-Hopi. In 1962 a court determined that 1,822,082 acres of the Executive Act (1882) was owned jointly by the Navajo and Hopi. In 1972 the court ordered the Navajo tribe and the United States Government to reduce Navajo livestock to one-half the 1964 grazing capacity and to make a new carrying capacity survey, and order the Government to submit plans to implement the order. These plans were submitted and approved by the court.

A Flagstaff Office to implement the terms of the court order in the joint-use area has been established. This office will supervise grazing, issuance of grazing permits, removal and transportation of animals, permits for new construction of any kind, and the maintenance of law enforcement, including a special court and police. Funds for carrying out the court order including range capacity survey, range improvements and fencing, and other necessary activities for the control of grazing are estimated to be $1.5 million in fiscal year 1974. Funds will be needed to continue these activities in fiscal year 1975, in addition to the operation of a judiciary and police system, in order to comply with the court order.

Federal Government Obligations. The Federal Government holds title, in trust, for 40.0 million acres of tribally-owned land and 10.3 million acres of individually owned land.

Population. The United States Census for 1970 reports there are 792,730 Indians and 34,378 Aleuts and Eskimos in the United States. This is a total of 827,108 Americans claiming Indian or Alaska Native ancestry. In March 1973, the Bureau of Indian Affairs estimated about 543,000 Indians living on reservations and nearby, including all rural California Indians in counties containing trust land.

Program Direction. The Administration will continue to provide the American Indian the opportunity and assistance to live in prosperity, dignity and honor, and to help share and determine their destiny through their participation and involvement. Continued emphasis will also be given to development of commercial and industrial potentials for increased Indian employment and income.

DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS
(In thousands)

Comparative Statement of 1974 Appropriation and 1975 Budget Estimate

| | Fiscal Year 1974 | | | | |
|---|---|---|---|---|---|
| Appropriations and Activities | Appropriation | Pay Cost Supplemental | Amount Available | F.Y. 1975 Estimate | Increase (+) or Decrease (-) 1975 Compared with 1974 |
| OPERATION INDIAN PROGRAMS: | | | | | |
| 1. Education ...................... | 190,420 | 8,566 | 198,986 | 219,016 | +20,030 |
| 2. Indian Services .................. | 92,476 | 1,442 | 93,918 | 96,304 | + 2,386 |
| 3. Tribal Resources Development...... | 49,156 | 2,169 | 51,325 | 57,609 | + 6,284 |
| 4. Trust Responsibilities and Services | 13,630 | 814 | 14,444 | 17,885 | + 3,441 |
| 5. General Management and Facilities Operations .................... | 51,339 | 2,347 | 53,686 | 62,993 | + 9,307 |
| Total.................. | 397,021 | 15,338 | 412,359 | 453,807 | +41,448 |
| CONSTRUCTION: | | | | | |
| 1. Irrigation systems................ | 21,585 | - - - | 21,585 | 24,522 | + 2,937 |
| 2. Construction of Buildings and Utilities.................... | 33,022 | - - - | 33,022 | 27,353 | - 5,669 |
| Total.................. | 1/ 54,607 | - - - | 54,607 | 51,875 | - 2,732 |
| 1/ Excludes transfer of $116,000. | | | | | |
| ROAD CONSTRUCTION: | | | | | |
| 1. General Raod Construction-Approp. | 43,000 | - - - | 43,000 | 59,000 | +16,000 |
| (Obligational Authority)........ | ( 57,200) | - - - | ( 57,200) | ( 60,200) | (+ 3,000) |
| (Budget Authority)............. | (150,000) | - - - | (150,000) | ( 75,000) | (-75,000) |
| MISCELLANEOUS APPROPRIATIONS: | | | | | |
| 1. Alaska Native Claims............. | 70,000 | - - - | 70,000 | 70,000 | - - - |
| TOTAL APPROPRIATIONS..... | 564,628 | 15,338 | 579,966 | 634,682 | +54,716 |

## Operation of Indian Programs

## Analysis by Activity

| | Fiscal Year 1973 | Fiscal Year 1974 | | | |
|---|---|---|---|---|---|
| | Amount Available | Total Appropriation | Pay Cost Supplemental | Transfers | Amount Available |
| 1. Education.................... | $191,341,446 | $191,127,000 | $8,566,000 | | $199,693,000 |
| 2. Indian Services.............. | 81,493,635 | 92,476,000 | 1,442,000 | | 93,918,000 |
| 3. Tribal Resources Development.. | 51,187,498 | 49,156,000 | 2,169,000 | | 51,325,000 |
| 4. Trust Responsibilities........ | 13,117,120 | 13,630,000 | 814,000 | | 14,444,000 |
| 5. General Management and Facilities Operation........ | 52,004,555 | 51,339,000 | 2,347,000 | | 53,686,000 |
| Contract Authorization.... | -271,192 | - | - | | - |
| Applied to Contract Authorization........... | 793,492 | - | - | | - |
| Unobligated balance lapsing... | 8,456,446 | - | - | | - |
| Total............. | 398,123,000 | 397,728,000 | 15,338,000 | | 413,066,000 |

Operation of Indian Programs

| Activity | FY 74 as Appropriated | F.Y. 1973 Amount Available | F.Y. 1974 Amount Available | F.Y. 1975 Estimate | Increase (+) or Decrease (-) 1975 Compared with 1974 |
|---|---|---|---|---|---|
| EDUCATION.................................... | | $191,341,446 | $199,693,000 | $219,016,000 | $19,323,000 |
| Federal facilities | (146,488,800) | | | | |
| Assistance to Public Schools | ( 25,352,000) | | | | |
| Higher Education | ( 22,756,000) | | | | |
| Adult Vocational Training | ( 19,035,400) | | | | |
| Adult Education | ( 2,155,100) | | | | |
| INDIAN SERVICES................................ | | 81,493,635 | 93,918,000 | 96,304,000 | 2,386,000 |
| Community Development | ( 210,500) | | | | |
| Agricultural Extension | ( 2,350,200) | | | | |
| Tribal Operations | ( 4,697,400) | | | | |
| Comprehensive Planning | ( 1,044,600) | | | | |
| Welfare Services | ( 60,736,300) | | | | |
| Housing Improvement | ( 10,432,900) | | | | |
| Housing Development | ( 2,621,600) | | | | |
| Maintaining Law and Order | ( 12,325,600) | | | | |
| Repair and Maintenance, Buildings and Utilities | ( 500,000) | | | | |
| TRIBAL RESOURCES DEVELOPMENT.................. | | 49,643,078 | 51,325,000 | 57,609,000 | 6,284,000 |
| Direct Employment (Incl. OJT) | ( 17,108,100) | | | | |
| Outdoor Recreation | ( 362,300) | | | | |
| Industrial & Tourism Dev. | ( 2,255,900) | | | | |
| Development of Indian A&C | ( 720,400) | | | | |
| Credit Operations | ( 2,418,100) | | | | |
| Road Maintenance | ( 6,892,600) | | | | |
| Forestry | ( 7,165,400) | | | | |
| Range Lands | ( 4,153,300) | | | | |
| Fire Suppression and Emergency Rehabilitation | ( 800,000) | | | | |
| Soil & Moisture Conservation | ( 9,014,900) | | | | |
| Operation, Repair & Maint. of Indian Irrigation Systems | ( 1,624,900) | | | | |

Operation of Indian Programs (con.)

| Activity | F. Y. 74 as Appropriated | F.Y. 1973 Amount Available | F.Y. 1974 Amount Available | F.Y. 1975 Estimate | Increase (+) or Decrease (-) 1975 Compared with 1974 |
|---|---|---|---|---|---|
| TRUST RESPONSIBILITIES.......................... | | $14,661,540 | $14,444,000 | $17,885,000 | $3,441,000 |
| Indian Water Rights | ( 1,777,600) | | | | |
| Real Property Management | ( 8,560,200) | | | | |
| Real Estate Appraisals | ( 2,241,100) | | | | |
| General Trustee Services | ( 1,588,000) | | | | |
| Environmental Quality Services | ( 527,200) | | | | |
| GENERAL MANAGEMENT AND FACILITIES OPERATION............................ | | 52,004,555 | 53,686,000 | 62,993,000 | 9,307,000 |
| General Administrative Exp. | ( 5,628,200) | | | | |
| Management Evaluation | ( 306,300) | | | | |
| Reservation Programs | ( 2,699,600) | | | | |
| Employee Compensation | ( 717,000) | | | | |
| Safety | ( - ) | | | | |
| Plant Operations | ( - ) | | | | |
| Repair and Maintenance, Buildings and Utilities | ( 25,798,500) | | | | |
| Contract Authorization....................... | | -271,192 | - | - | - |
| Applied to Contract Authorization............ | | 793,492 | - | - | - |
| Unobligated Balance Lapsing.................. | | 8,456,446 | - | - | - |
| Total.............................. | | 398,123,000 | 413,066,000 | 453,807,000 | 40,741,000 |

0223

## OPERATION OF INDIAN PROGRAMS

### 1. Education

| Subactivity | FY-1973 Amount Available | FY-1974 Amount Available | FY-1975 Estimate | Increase (+) or Decrease (-) 1975 Compared with 1974 |
|---|---|---|---|---|
| **A. School Operations.........** | $115,290,446 | $122,177,000 | $119,234,000 | $- 2,943,000 |
| **B. Assistance to Public Schools..................** | 17,560,000 | 16,205,000 | 18,805,000 | + 2,600,000 |
| **C. Career Development........** | 7,561,000 | 12,917,000 | 13,302,000 | + 385,000 |
| **D. Direct Indian Education Operations..............** | 50,990,000 | 48,394,000 | 67,675,000 | +19,281,000 |
| **Total..................** | 191,341,446 | 199,693,000 | 219,016,000 | +19,323,000 |

|  | Bureau Assistance Programs |  | Contracts and Grants to Indians |  | Total Program |  |  |
|---|---|---|---|---|---|---|---|
|  | FY-1974 | FY-1975 | FY-1974 | FY-1975 | FY-1974 | FY-1975 |  |
| **A. School Operations.....** | 122,177,000 | 119,234,000 | 8,364,000 | 19,969,000 | 130,541,000 | 139,203,000 | + 8,662,000 |
| **B. Assistance to Public Schools.............** | 16,205,000 | 18,805,000 | 9,147,000 | 9,147,000 | 25,352,000 | 27,952,000 | + 2,600,000 |
| **C. Career Development....** | 12,917,000 | 13,302,000 | 30,883,000 | 38,559,000 | 43,800,000 | 51,861,000 | + 8,061,000 |
| **Total...........** | 151,299,000 | 151,341,000 | 48,394,000 | 67,675,000 | 199,693,000 | 219,016,000 | +19,323,000 |

A. School Operations: FY-1974, $130,541,000; FY-1975, $139,203,000; increase $8,662,000. The increase consists of:

| | Increase (+) or Decrease (-) | | | | |
|---|---|---|---|---|---|
| | Amount | Positions | Total Program | Total Positions | Explanation |
| (1) | +3,862,000 | - | - | | To provide adequate operating funds for the Indian education program. |
| (2) | +4,800,000 | -832 | 139,203,000 | 7,151 | To provide for program improvements in school operations. |
| | +8,662,000 | - | | | |

## Cost Factor Involved in Increases

(1) Cost of living increases averaging 10% of the total non-personnel costs. (53,000 students; 4,000 provided dormitory; no change in FY-75).

**Need for Increase:**

(1) An increase of $3,862,000 is requested to offset cost of living advances to date in the Indian school program. The cost of food has risen approximately 15% resulting in an increased cost of $1,500,000 to the education program. The cost of textbooks has risen 10% over the past year. Other teaching aid (soft cover) have risen 11%. Cost of living increases in all goods and services other than food total $2,362,000 or an average of approximately 8%.

Without increases to offset rising costs, Indian schools will be faced with curtailment of items directly affecting the well being of children. They will be forced to reduce the level of textbooks and other instructional materials, dormitory supplies and materials, and food, since these are items in which there is some flexibility. The Indian children who will be affected are for the most part those who live in remote areas which are not served by the public school system. Their communities lack the public utility and recreational facilities that exist in most American communities. The conditions of isolation and poverty found in these areas place the children at a distinct disadvantage in school achievement. To help overcome these disadvantages there is need for higher levels of teaching materials and equipment and for more supplementary dormitory reading materials, recreation supplies, etc. The additional amount requested is needed to avoid curtailment in such program offerings.

(2) An increase of $4,800,000 is requested to remove program deficiencies and to provide program improvements in general throughout the Indian education program. For example, a program deficiency in the area of providing boarding school students with adequate clothing and personal effects has been increasingly articulated over the past two years. Only $5 per student was allocated last fiscal year for all clothing and personal effects. Other similar deficiencies have been identified.

Program improvements include the need for more attention to the special needs of Indian children as identified by the local school and community in choosing options available to them in control of the local education programs. This will necessitate financial assistance to support meaningful involvement and to carry out local determinations with respect to the thrust and direction of the education program.

**Program of Work:**

Under the Snyder Act of November 2, 1921 (25 USC 13), the School Operations program provides for the operation of boarding schools, dormitories, and day schools for Indian youth at the kindergarten, elementary, high school, and post-high school levels. A pilot program for pre-kindergarten children is presently underway at two locations.

Boarding schools provide instruction at the elementary, high school, and post-high school levels. Enrollment is made up of those Indian children who do not have suitable education opportunities in their home communities, who are orphans, or who, for social reasons, must be educated away from their homes. These schools must also provide a home living program to assist students in making social and cultural changes necessary for successful school adjustment.

Dormitories house children who attend local public schools. These are children who do not have public schools available in their home communities. They are enrolled at both the elementary and secondary levels. The dormitories provide housing, feeding, and out-of-school recreation and tutoring activities.

The majority of those enrolled in day schools are in the elementary grades with only around five percent in high school. Most of these schools are small schools in isolated locations. Programs are designed to compensate for the effects of isolation and economic and social deprivation experienced in such locations. Kindergarten classes are provided for five-year-old children.

**Highlights of Recent Accomplishments:**

Funds were appropriated in FY-1974 for two pilot Parent-Child Development Programs (Pre-Kindergarten Pilot Program). Because of the trend toward Indian operation of Bureau programs, it was decided that proposals for contract solicited from all Tribes meeting basic program criteria for planning and implementation. Criteria require that programs coordinate but not duplicate existing resources.

On the basis of proposals submitted two tribes were selected for planning contracts: the Pueblo de Acoma and the Mississippi Band of Choctaw Indians. Planning has now been completed by both tribal groups and a contract for operation was signed with the Choctaw Indians on December 13, 1973. The contract for operation is in negotiation with Acoma.

At Choctaw the Parent-Child Development Program Choctaw Board of Directors is actively involved in decision making for operation of the program. One hundred children, pre-natal - 4 years, have been identified; staff has been employed; equipment has been ordered; preservice training is in process; and facilities are in process of renovation for day care services.

It is anticipated that operation of both Acoma and Choctaw day care centers and family day care programs will be in operation by February.

Within the past two years the reading programs at Phoenix Indian High School and Stewart Indian School, two schools in the Phoenix Area, received national recognition as two of the best reading programs in the United States.

An air bookmobile service has been established in the Bethel (Alaska) Agency. This service reaches over 30 Native village schools, supplying each with library books, film strips, records, tapes and other educational materials. Many deliveries are made within 24 hours by "bush" aircraft.

One of the most extensive and comprehensive research programs on Native education is in process in Alaska. The Alaska Native needs assessment program is being accomplished through the cooperative efforts of the State of Alaska, Native groups, students and the Bureau of Indian Affairs.

Two programs of self-evaluation and improvement of instruction have been incorporated as a part of the Muskogee Area program of educational accountability. The first, Instrument for the Observation of Teaching Activities, was officially implemented in September, 1973. Preliminary plans call for the official implementation of the second, Performance Evaluation for the Educational Leader, following an Area wide workshop in March of 1974.

NALAP (an acronymn for Navajo Area Language Arts Project), a project to develop relevant second language learning materials for Navajo children, is in progress on the Navajo Reservation. NALAP materials have been field tested in twenty-two schools during the past two years. NALAP is a structual-sequential English language program which presents the grammatical structures of English in a sequence believed to be suitalbe for Navajo children learning English as their second language. The materials, through the use of numerous examples and meaningful activities, help children to internalize the structures of English by capitalizing on the thought process involved in language learning rather than on rote drill and model-mimicry. NALAP, Book I, containing ten units of 86 structural objectives has been revised and refined and will be used in over 50 per cent of Navajo Area schools during the 1973-74 school year. Additional units are also being developed.

In the area of research, a pilot project is in existence to determine sucess of pupils who learn to read initially in Navajo rather than English. This bilingual-bicultural program is in operation at Sanostee, Toadlena, Cottonwood, Greasewood and Pinon. Navajo is the language of instruction in this program. At the kindergarten and first grade levels, most of the instruction is in Navajo with time set aside for teaching English. At the first grade level, initial reading and writing is in Navajo. In the second and third grades, more English is used, and instruction is used in both languages.

B. Assistance to Public Schools: FY-1974, $25,352,000; FY-1975, $27,952,000; increase $2,600,000. The increase consists of:

| | Increase (+) or Decrease (-) | | | | |
|---|---|---|---|---|---|
| | Amount | Positions | Total Program | Total Positions | Explanation |
| (1) | +2,055,000 | - | 27,952,000 | - | To provide for increased enrollments in Johnson O'Malley assisted public schools. |
| (2) | + 545,000 | - | - | - | To partially offset cost of living increases. |
| | +2,600,000 | - | | | |

Cost Factors Involved in Increases

(1) Anticipated enrollment increase of 7,500 students at an average cost of $274, per student.

**Need for Increase:**

(1) An increase of $2,055,000 is requested to provide for an unanticipated enrollment increase of 5,500 students in fiscal year 1974 and for an additional increase of 2,000 students expected in fiscal year 1975. This increase will permit the various public schools to return to fiscal year 1973 levels of support per pupil.

(2) The increase of $545,000 will be required to partially offset cost of living increases and to provide for greater tribal and parental involvement to the extent possible.

**Program of Work:**

Under the Act of April 16, 1934, as amended, commonly called the Johnson-O'Malley Act, the Bureau of Indian Affairs, provides supplementary aid to public school districts which face financial problems due to the presence of tax-exempt, Indian-owned lands within the district boundaries and the enrollment of relatively large numbers of Indian children.

Many of the school districts on Indian reservations have insufficient funds to operate effective school programs even with State aid and general Federal aid to education programs. Such districts have little or no tax base. In these districts, Johnson-O'Malley aids are used to assume operation of a basic school program.

As States and local school districts assume increased responsibility for basic education programs, Johnson-O'Malley funds are made available for special education purposes that identify with Indian children. Such programs will have a positive effect in improving education achievement, reducing dropouts, and pave the way for entrance into improved employment opportunities of higher education programs. Some of these supplemental programs are: Transportation for kindergarten children; Employment of home-school coordinators and guidance counselors; Arts and Crafts programs; Teacher aides and inservice training programs; Workshops for teachers of Indian children; Cultural enrichment programs; Summer programs; Parental costs; Curriculum development; Student conferences; Special transportation and Special library services.

The funds are made available through contracts with the State departments of education and tribal groups operating on the basis of plans developed cooperatively by the Bureau of Indian Affairs and the contracting agency. The plans take into consideration the ratio of Indian children involved, local tax efforts, all other sources of aid available, including other Federal programs of aid to education (Public Laws 81-815, 81-874, and 89-10), and any special situations or needs related solely to Indian children.

Aid is also provided to cover the full per pupil costs of education of Navajo children housed in Federal dormitories who attend out-of-district public schools peripheral to the reservation. A contract is negotiated with each such district for a specified number of Indian students. In addition to the full cost of education, funds are provided for parental items such as lunches, school supplies, etc.

In the State of Alaska, Johnson-O'Malley funds are also used to provide subsistence for students housed in dormitories at Nome, Kodiak, and Bethel, and for students placed in urban boarding homes where high schools are available.

**Highlights of Recent Accomplishments:**

The greatest accomplishment in the Johnson-O'Malley programs in recent years has been the greatly increased involvement of local Indian education committees in the planning and monitoring of projects. All schools or school districts receiving Johnson-O'Malley assistance now have these Indian education committees and the approval of these committees is asked for all projects.

During the past year emphasis was placed on local Indian participation in programming the use of Johnson-O'Malley funds for education of Indians in public schools. In each school district an Indian advisory school board was chosen and in ten states Johnson-O'Malley funds were administered to eligible school districts through contracts with Indian corporations. It is likely that similar contracts will also be in effect next year in Oklahoma and Arizona.

Indian parents are establishing control over public school programs affecting their children. Evaluation reports show that Indian parents and students are more responsive to Johnson-O'Malley financed programs than in previous years.

During 1973 there was also an increase in the percentage of total Johnson-O'Malley funds spent for special need programs and a corresponding decrease in basic support funding.

The total number of Indian students served under this program again increased to a total of more than 98,000 in fiscal year 1974.

Administration of the Johnson-O'Malley program in the state of Idaho has been expanded to provide for more Indian involvement. Three people of Indian ancestry will administer the program; one located in Northern Idaho, and in Boise, and one in Southern Idaho.

Due to recent acquisition of land by the Burns Paiute Tribe in Oregon, the Harney County School District became eligible for Johnson-O'Malley funding and this year the Bureau negotiated a contract with the School District.

C. Career Development: FY-1974, $43,800,000; FY-1975, $51,861,000; increase $8,061,000. The increase consists of:

| | Increase (+) or Decrease (-) | | | | |
|---|---|---|---|---|---|
| | Amount | Positions | Total Program | Total Positions | Explanation |
| (1) | +7,200,000 | - | 29,956,000 | - | To meet increased cost of college scholarships. |
| (2) | + 527,000 | - 1 | 2,620,000 | 56 | Increase in adult education services. |
| (3) | + 334,000 | - 51 | 19,285,000 | 281 | Increase in adult vocational training services. |
| | +8,061,000 | - 52 | | | |

Cost Factors Involved in Increases

(1) College scholarship grants to 1,200 additional students at $1,754 per student. Cost of living increases for 13,500 students at $377 each per year.

(2) The increase in funds for this activity will allow the establishing of 15 or more learning centers and Adult Education programs at locations that presently have no programs with the additional used to fund deficiencies in

established operating programs.

(3) Adult vocational training services to an additional 72 trainees.

**Need for Increase:**

This subactivity provides for a single, coordinated career development program. It will use a coordinated approach to solving the problems individual Indians face in career selection. A Career Counselor will be available locally who can provide funding for those activities deemed appropriate to assist the career development of the individual counseled. The funds would be used for any of a full range of activities under the Career Development Program such as, higher education, institutional vocational training, or adult education, separately or in combination. This funding approach would insure that these programs would complement each other in meeting the needs of the individuals served. The Career Counselor would be the single contact necessary for a client to enter a career development program. The counselor would also be well suited to act as a clearing agent for any funding assistance from non-BIA Federal, state, tribal, or private sources which might be available. Need for increase is detailed below.

(1) College assistance grants for Indian students to attend college is an important part of the career development program concept. It is estimated that it will be $29,956,000 within the total program in FY-1975.

Of the $29,956,000 requested $25,784,000 will be available for regular student scholarships. The remainder will be used for administration and special programs as shown in the following chart:

### Special Scholarship Projects

| | FY-1974 | FY-1975 |
|---|---|---|
| American Indian Law Program........ | $ 678,850 | $ 678,850 |
| Indian School Administrator's Program.......................... | 265,000 | 265,000 |
| Navajo Community College........... | 2,058,000 | 2,058,000 |
| Sinte Gleska College............... | 200,000 | 200,000 |
| Lakota Education Center............ | 200,000 | 200,000 |
| Tribal Contracts (Admin. Costs Only) | 350,000 | 350,000 |
| American Indian Scholarships, Inc. (Graduate Program).............. | 100,000 | - |
| Area Office Projects............... | 380,000 | 400,000 |
| Central Office Projects............ | 20,150 | 20,150 |
| Total | $4,252,000 | $4,172,000 |

In the interest of funding as many students as possible, the practice of funding married students with single student grant amounts will continue during FY-1975. The following table on college costs illustrates this increase. The average for single students attending public-supported institutions in FY-1975 is expected to be $2,900:

### COLLEGE COSTS 1/

| Single Students: | FY-1974 | FY-1975 |
|---|---|---|
| Private......................... | $ 3,496 | $ 3,846 |
| Public.......................... | 2,635 | 2,900 |

COLLEGE COSTS (Cont.)

| Married Students: | FY-1974 | FY-1975 |
|---|---|---|
| Private | $ 5,455 | $ 6,000 |
| Public | 4,550 | 5,000 |

1/ Estimates based on Area college cost averages plus U. S. Office of Education base statistics.

The Bureau's $25,784,000 combined with the amount available from other resources will make a total budget of approximately $42,630,000 for students who will be applying for assistance from the Bureau in FY-1975.

SOURCE OF SCHOLARSHIP FUNDING

| | Total Amount | Students Funded | Average Grant |
|---|---|---|---|
| Bureau of Indian Affairs | $25,784,000 | 14,700 | $1,754 |
| Other | 16,846,000 | - | 1,146 |
| Total | 42,630,000 | 14,700 | 2,900 |

Funds from Other Sources:

| | |
|---|---|
| Other Federal Program (EEOG, Work-Study, Loans, & College Scholarships | $ 5,698,000 |
| Tribal Scholarships & Loans | 600,000 |
| State, Private, Foundation Scholarships | 3,000,000 |
| Student and Family Contributions | 7,548,000 |
| Total | 16,846,000 |

(2) Another important part of the career development program concept enables adult Indians, through part-time education near their homes, to improve their opportunities for employment or expand their education. An increase of $527,000 will extend programs to Indians not now receiving services. Major emphasis is placed on expressed local needs which is generally preparation for high school equivalency examinations and basic literacy. Courses are also offered in a variety of other subjects including consumer economics, nutrition, safety, civics and Indian language and culture.

The Contracting of these programs to tribal groups in continuing. Ten additional programs have been contracted to the tribes this year, in whole or in part, bringing the total to 26. Others may be contracted during the current fiscal year.

(3) The increase of $334,000 will provide appropriate career development training to assist Indian people to qualify for and hold jobs on or near Indian reservations. The increase will provide institutional training services to about 135 additional students over the total assisted in FY-1974.

Program of Work:

Grants are made to Indian students who cannot qualify for other types of scholarship aid or who require additional funds that cannot be obtained from other sources, and who would otherwise be unable to attend college.

Financial need is determined through the financial aids office of the college the student plans to attend or is attending. Although the demand for financial assistance from needy students other than Indians often depletes college resources, Bureau scholarship representatives will continue to support, where feasible, the "package" plan utilizing other financial assistance programs combined with Bureau funds to adequately finance Indian college students.

The importance of adequate vocational counseling for post-secondary education is readily apparent. Contacts with high schools enrolling Indians will continue to be an integral function of the Area scholarship representatives as will expanded on-campus visitation. Indian input into the operation of the program includes contracts for scholarship services with recognized tribal organizations and contracts with on-and off-campus Indian organizations.

The Navajo Community College Act passed in 1971 authorized the Secretary of the Interior to assist the tribe in the construction, maintenance, and operation of the school. The annual sum for operation and maintenance of the college is not to exceed the average amount of the per capita contributions made by the federal government to the education of Indian students at federally-operated institutions of the same type.

Adult education services enable adult Indians through part-time education near their homes to improve their opportunities for employment or further education. Major emphasis is placed on preparation for high school equivalency examinations and basic literacy. Courses are also offered in a variety of other subjects including consumer economics, nutrition, safety, civics and Indian language and culture.

Adult vocational training services provide training and support services including, but not limited to, career and community counseling, tuition and monthly subsistence.

Highlights of Recent Accomplishments:

In the past year about 11,000 Indian adults participated in BIA funded adult education activities, 1,200 obtained their high school equivalencies (GED's), some 325 unemployed were hired, 150 currently employed were promoted, 200 entered college, and 200 entered other full-time education programs.

Fourteen adult education learning centers operating on a full-time drop-in basis, with individual instructions, are now in operation with four more planned to become operational this fiscal year by joint use of BIA-USOE funds.

During FY-1973, 7,609 individuals were assisted directly through adult vocational training services to enter formal vocational training activities throughout the United States. Of the total number, 2,512 completed training and entered the tribal manpower resources of Indian tribal groups or chose to pursue working careers in urban areas. Two thousand nine hundred twenty-eight carried over into training during FY-1974

The Indian Lawyer, Educational Administration, and College Work-Study projects provided special scholarship grant assistance to 344 Indian students in FY-1973. These projects provide training at the under-graduate and graduate levels in critical area professions.

The total number of students assisted through scholarship grants increased from 12,438 in FY-1972 to 13,387 in FY-1973.

2. Indian Services

| Subactivity | FY-1973 Amount Available | FY-1974 Amount Available | FY-1975 Estimate | Increase (+) or Decrease (-) 1975 Compared with 1974 |
|---|---|---|---|---|
| A. Aid to Tribal Government.... | $ 7,334,000 | $ 6,563,000 | $ 8,438,000 | $+ 1,875,000 |
| B. Social Services............ | 9,996,635 | 9,437,000 | 11,194,000 | + 1,757,000 |
| C. Law Enforcement............ | 7,983,000 | 10,353,000 | 6,681,000 | - 3,672,000 |
| D. Housing.................... | 4,343,000 | 4,374,000 | 4,190,000 | - 184,000 |
| E. Direct Indian Services Operations............... | 51,837,000 | 63,191,000 | 65,801,000 | + 2,610,000 |
| Total................. | 81,493,635 | 93,918,000 | 96,304,000 | + 2,386,000 |

| | Bureau Assistance Programs | | Contracts and Grants to Indians | | Total Program | | |
|---|---|---|---|---|---|---|---|
| | FY-1974 | FY-1975 | FY-1974 | FY-1975 | FY-1974 | FY-1975 | |
| A. Aid to Tribal Government. | 6,563,000 | 8,438,000 | 2,187,000 | 2,445,000 | 8,750,000 | 10,883,000 | + 2,133,000 |
| B. Social Services.......... | 9,437,000 | 11,194,000 | 50,790,000 | 52,476,000 | 60,227,000 | 63,670,000 | + 3,443,000 |
| C. Law Enforcement.......... | 10,353,000 | 6,681,000 | 1,682,000 | 2,162,000 | 12,035,000 | 8,843,000 | - 3,192,000 |
| D. Housing.................. | 4,374,000 | 4,190,000 | 8,532,000 | 8,718,000 | 12,906,000 | 12,908,000 | + 2,000 |
| Total.............. | 30,727,000 | 30,503,000 | 63,191,000 | 65,801,000 | 93,918,000 | 96,304,000 | + 2,386,000 |

A. Aid to Tribal Governments: FY-1974, $8,750,000; FY-1975, $10,883,000; increase $2,133,000. The increase consists of:

| Increase (+) or Decrease (-) | | | | |
|---|---|---|---|---|
| Amount | Positions | Total Program | Total Positions | Explanation |
| (1)+ 146,000 | - | 2,474,000 | 10 | To meet increased expenses in the on-going Agricultural Extension program. |
| (2)+ 116,000 | -2 | 1,161,000 | 14 | Increase tribal Comprehensive Planning capability. |
| (3)+1,871,000 | -2 | 7,248,000 | 118 | Expand TGDP, meet costs of new judgment fund legislation, improve tribal participation in budget process, continue Youth Work-Learn program and built-in cost increases in tribal operations. |
| +2,133,000 | -4 | | | |

Cost Factors Involved in Increase

(1) Increase in costs averaging 6% for existing state and tribal contracts in Agricultural Extension - $146,000.

(2) Expand tribal Comprehensive Planning by 11% or $116,000.

(3) Provide for increased average costs and additional contracts under TGDP ($1,128,000); cost of new judgment legislation ($320,000); improve tribal participation in the budget process ($169,000); meet built-in cost increases in tribal operations (254,000).

Need for Increase:

(1) Agricultural Extension - Existing contracts with state universities and tribes in 18 states are all experiencing increased costs. A 6% increase of $146,000 is required to permit operations to continue at the current level.

(2) Comprehensive Planning - The $116,000 or 11% increase will permit this vital program to extend needed planning assistance to additional tribes.

(3) Tribal Operations - The following increases are required:

| | (In thousands of dollars) | | |
|---|---|---|---|
| | FY-1974 | FY-1975 | Change |
| (a) Regular program built-in increase.................... | $3,145 | $3,399 | $+ 254 |
| (b) Judgment fund legislation.... | - | 320 | + 320 |
| (c) TGDP: | 2,232 | 3,529 | +1,297 |
| 1 Contract program...... | (1,632) | (2,760) | (+1,128) |
| 2 Tribal participation in budget process...... | ( 100) | ( 269) | (+ 169) |
| 3 Youth Work-Learn program | ( 500) | ( 500) | ( - ) |
| Total.... | 5,377 | 7,248 | +1,871 |

Without the increase in TGDP it is estimated that from 60 to 100 tribal applications meeting all eligibility criteria of need would not be approved due to lack of funds.

The new judgment fund legislation, Act of October 19, 1973 (P.L. 93-134, 87 Stat 466) requires the Bureau to conduct public hearings of record in determining judgment use plans which are then to be submitted to the Congressional committees for approval. Estimated cost increase for this new program is $320,000.

Tribes have participated in the formulation of all BIA budgets since FY-1973. The proposed increase of $169,000 will meet rising costs in this phase of the program as well as providing funds for meetings of tribal officials regarding budget execution.

The regular tribal operations program consisting of constitutional and charter actions, judgment fund research, roll preparation and updating and technical advice to tribes on governmental matters will require an additional $254,000 to operate at the same level in FY-1975.

Program of Work:

The Agricultural Extension program will provide technical advice and assistance to reservation Indian families, individuals and associations. Emphasis is placed on improvements in use of agricultural resources, homemaking and family economics. Services will be provided by home demonstration agents, county agents and youth activities such as 4H. The program will be carried out with a minimum of Bureau staff by using contracts with state universities and tribal councils.

The Comprehensive Planning program will provide Indian tribes with the resources required for them to develop and maintain comprehensive plans. As such this program will play a key role in the continued implementation of the Indian self-determination policy.

Under the new judgment fund legislation (Act of October 19, 1973, P.L. 93-134, 87 Stat. 466) the Bureau expects to conduct 50 hearings of record which will lead to judgment use plans submitted to Congressional committees for approval. Each plan will be submitted within six months after the appropriation act for the award.

During FY-1975 somewhere between 135 and 185 tribes will contract with the Bureau to provide Tribal Government Development Program services. This will represent a doubling of the FY-1974 effort. As a result the quality of tribal governmental administrative systems will be improved. Projects to be accomplished include: Development of election ordinances; Administrative plans; Tribal membership rolls'; Development of governing documents and amendments thereto; Land assignment ordinances; and Plans for management of tribe's resources.

Tribal participation in the Bureau's budget formulation process has insured that tribal priorities are reflected in the budget. During FY-1975 the proposed program will provide funds for involving the tribes in the execution phase of the budget thereby providing the Bureau with tribal advice on how to carry out projects and programs which have been funded under tribal budget priorities.

The Youth Work-Learn program will be continued in FY-1975 as a clean-up program in and around Indian villages. In addition to the end product of cleaner villages the program has the purpose of providing young people with work opportunity and management experience in community projects.

Under the Tribal Operations program the Bureau will continue to provide technical assistance and advice to tribal governments to improve the quality of governmental services to Indians.

Upon request, the Bureau will explain and interpret various governmental services and procedures to tribal governments and present alternatives. The tribes will make their own choices for the management of their own affairs. The usual vehicle for a major change in a tribal government or its operations is a new or revised constitution or charter. The Bureau is currently working with tribes on approximately 110 tribal constitution or charter actions. In FY-1975, 53 such actions should be completed.

Also during FY-1975, the Bureau will work on 145 payment or judgment rolls. The Bureau plans to start 52 new judgment payment rolls, complete 19 other payment rolls, and prepare 74 tribal membership roll supplements. Enrollment appeals from judgment rolls prepared in prior years will continue to be processed and will increase the workload. Completion of judgment rolls in FY-1974 will contribute to the appeals workload in FY-1975.

The Bureau will continue to process attorney contracts for claims and other services, review attorney expense vouchers, organize meeting to review compromise claim settlements, and review tribal requests for loans to hire expert witnesses for claims litigation.

In FY-1975, it is estimated that 28 dockets with awards totaling approximately $56 million will be made by the Indian Claims Commission in settlement of claims against the United States. These awards, plus those of previous years, constitute the basis for the judgment work program. The Bureau conducts research to determine the modern-day beneficiary for each award and assists the Indian tribes in developing proposals for the use or distribution of these judgment funds.

Highlights of Recent Accomplishments:

Agricultural Extension - Home demonstration and home gardening visits were made to 14,000 families and approximately 24,000 youths participated in 4H activities.

Under TGDP in FY-1973, the Bureau contracted with 74 tribal entities for over $1.3 million in tribal administrative and operating procedures projects. Over 80,000 Indian people benefited from these projects.

During FY-1973, Tribal Operations accomplished the following: Conducted beneficiary research for eight judgments and prepared draft legislation for four more awards; Completed action on 104 tribal membership and/or payment rolls; Completed action on 43 tribal constitution and charter actions.

B. Social Services: FY-1974, $60,227,000; FY-1975, $63,670,000; increase $3,443,000. The increase consists of:

| Increase (+) or Decrease (-) | | | | |
|---|---|---|---|---|
| Amount | Positions | Total Program | Total Positions | Explanation |
| (1)+2,157,000 | - | 49,095,000 | - | Increase in General Assistance Unit Costs and increase in number of TWEP participants. |
| (2)+1,080,000 | - | 6,480,000 | - | Increase in Child Welfare Unit Costs |

| Increase (+) or Decrease (-) (Cont) | | | | |
|---|---|---|---|---|
| Amount | Positions | Total Program | Total Positions | Explanation |
| (3)+ 125,000 | - | 400,000 | - | Increase in cost for miscellaneous assistance. |
| (4)+ 81,000 | -28 | 7,695,000 | 440 | Increased administrative expenses. |
| +3,443,000 | -28 | | | |

## Cost Factors Involved in Increase

(1) General Assistance -Increased unit costs for 75,000 at $2.25 per month per person, an increase of $2,025,000. Tribal Work Experience Program (TWEP) costs for 275 additional employable assistance recipients at $40 per month per worker, $132,000; a total increase for General Assistance of $2,157,000.

(2) Child Welfare - Increased unit costs for 3,600 children at $25 per month per child.

(3) Miscellaneous Assistance - Burial services for 250 persons at increased unit cost of $100 each, $25,000. Increased costs relative to assisting tribes to participate in the food distribution program.

(4) Social Services - Increased expense associated with the administration of the General Assistance and Child Welfare Assistance Programs, $81,000.

## Need for Increase:

The Federal Government has assumed responsibility for providing financial assistance and other social services to Indian residents of reservation communities who are in need but who do not receive State or county assistance. The 1975 projections for assistance and social services are based upon caseload history, probable eligibility, and recognized trends.

### Welfare Assistance and Social Services

| | FY-1973 | FY-1974 | FY-1975 | Change |
|---|---|---|---|---|
| General Assistance,. | $42,060,000 | $46,938,000 | $49,095,000 | $ +2,157,000 |
| (Caseload)....... | (69,000) | (75,000) | (75,000) | ( - ) |
| Other Welfare Assistance: | | | | |
| Child Welfare..... | 5,400,000 | 5,400,000 | 6,480,000 | +1,080,000 |
| (Caseload)....... | (3,600) | (3,600) | (3,600) | ( - ) |
| Miscellaneous Assistance | 275,000 | 275,000 | 400,000 | + 125,000 |
| Social Services..... | 7,327,000 | 7,614,000 | 7,695,000 | + 81,000 |
| (Staff) | ( 468) | ( 468) | ( 437) | ( -31) |
| Total Cost... | 55,062,000 | 60,227,000 | 63,670,000 | +3,443,000 |

The Social Services staff provides a generic social services program which includes General Assistance, Child Welfare Assistance and individual and family counseling and related casework services.

The increased workload handled by the Social Services Staff is reflected by the significant increase in the average monthly General Assistance caseload during recent years; 1971, 57,665 persons; 1972, 61,915 persons; 1973, 69,000 persons (estimated), and 1974, 75,000 persons (estimated). Therefore, $81,000 is required to provide for cost increases associated with administration of the General Assistance and Child Welfare programs. These cost increases are directly related to travel and office expenses of the Social Services staff of 440.

Program of Work:

Applications and continuing eligibility for assistance will be appropriately investigated. The needs of neglected and handicapped Indian children will be investigated, and when placement away from home is indicated, foster care and appropriate institutional care will be provided for dependent, neglected, and handicapped Indian children from reservations for whom such care is not available through established welfare agencies. Appropriate counseling will be provided to tribal courts in connection with problems of children and provision of protective services, and staff services will be provided to assist in housing programs and programs for family use of judgment funds.

Miscellaneous assistance will provide burials for Indians in need and will also provide for other costs related to welfare programs, including arrangements with tribes in need for meeting some of the costs of the food distribution program for eligible Indian families.

The successful Tribal Work Experience Program (TWEP) will be continued and expanded as one way of providing the assistance needs of employable Indians. Constructive employment through TWEP has been provided for many Indian people, and in many instances, training opportunities have also been provided. TWEP projects such as home construction and repair, building maintenance, and development of recreational facilities have contributed directly to the welfare of the reservation community. TWEP has also provided management experience for participating tribes.

Highlights of Recent Accomplishments:

In FY-1974 General Assistance was provided to 75,000 persons and Child Welfare benefitted 3,600 children. The chart below illustrates actual and projected TWEP participation for the indicated fiscal years:

TWEP Participation

| | FY-1973 | FY-1974 | FY-1975 |
|---|---|---|---|
| Number of Tribes (average)........ | 29 | 30 | 31 |
| Number of Participants............ | 4,000 | 4,250 | 4,525 |

C. Law Enforcement: FY-1974, $12,035,000; FY-1975, $8,843,000; decrease $3,192,000. The increase and decrease consists of:

| Increase (+) or Decrease (-) Amount | Positions | Total Program | Total Positions | Explanation |
|---|---|---|---|---|
| (1) - 3,528,000 | - | - | - | Reduction of FY-1974 funding used to reimburse other Federal Agencies for expenses associated with Wounded Knee disturbance. |
| (2) + 328,000 | - 22 | 8,519,000 | 292 | Meet increased costs in on-going programs. |
| (3) + 8,000 | - | 324,000 | 13 | Continuation of the program at Navajo. |
| - 3,192,000 | - 22 | | | |

Cost Factors Involved

In FY-1974 Congress added $3,528,000 to the Bureau budget to reimburse other Federal Agencies for expenses associated with the disturbance at Wounded Knee. This one-time expenditure has been deducted ($ -3,528,000) from the Bureau's FY-1975 budget.

Program of Work:

The Bureau is responsible for providing Law Enforcement Services to over 300,000 Indian people on 87 reservations in 17 states at a cost of $8.8 million as follows:

FY-1975

| Law Enforcement Program (In thousands of dollars) | Funding | Staffing |
|---|---|---|
| Program Supervision & Investigation...... | $2,900 | 100 |
| Enforcement.............................. | 4,000 | 176 |
| Prevention & Rehabilitation.............. | 600 | 4 |
| Detention................................ | 400 | 5 |
| Judicial................................. | 300 | - |
| Other.................................... | 600 | 20 |
| Total................. | 8,800 | 305 |

The Bureau expends approximately $2.9 million and has a staff of 100 which provides program direction, supervision, and investigation. Approximately $4.0 million and a staff of 176 provides reservations with enforcement services. Enforcement Services mainly consist of patroling Indian communities. It is estimated that the above segments of the program in the FY-1975 will investigate in excess of 122,000 complaints which is an increase of 3,000 over FY-1974 and 8,000 over the fiscal year just completed. The Bureau expends approximately $ .4

million to operate 23 detention facilities of which approximately $ .2 million is contract funds. In addition to the above segments the Bureau will continue to provide prevention and rehabilitation services at an estimated cost of $ .6 million of which approximately $ .3 million is for operating the Prisoner/Release Program and judicial services at an estimated cost of $ .3 million. An additional $ .6 million is required to meet support costs.

Highlights of Recent Accomplishments:

A Special Operations Services unit was established using personnel from the Bureau's Law Enforcement program. Special training and equipment necessary for civil disturbance control were provided and the unit was activated twice during FY-1974. Its presence played a part in preventing possible disturbances at Gallup, New Mexico and Pine Ridge, South Dakota.

The Prisoner Parole Program continues to be a success. The figures for FY-1973 indicate that during the year 599 inmates were released with 149 violating parole. This is a recidivism rate of 25% as compared with a national average of 75%.

D. Housing: FY-1974, $12,906,000; FY-1975, $12,908,00, increase $2,000. The increase and decrease consists of:

| Increase (+) or Decrease (-) | | | | |
|---|---|---|---|---|
| Amount | Positions | Total Program | Total Positions | Explanation |
| (1) + 12,000 | - | 10,402,000 | 19 | Help meet increased costs in HIP renovation and replacement. |
| (2) - 10,000 | - | 2,506,000 | 96 | Continue the Housing Development program of assistance to Indian Housing Authorities. |
| + 2,000 | - | | | |

The HIP request of $10,402,000 will provide 4,400 renovations at an average cost of $1,655 ($7,282,000), and 500 new homes at an average cost of $6,240 ($3,120,000).

The estimate of housing need has been determined from the 1973 Housing Survey which shows:

| | | |
|---|---|---|
| Service population (families) | | 106,900 |
| Less: Existing dwellings - standard condition | 36,000 | |
| Existing dwellings - adequate condition* | 4,600 | |
| Subtotal | | -40,600 |
| Families in need of housing assistance | | 66,300 |
| Less: Houses to be renovated to standard | | -19,200 |
| New homes required | | 47,100 |

* Adequate condition exists when a house is in standard condition except that one or more utilities is not available.

**Program of Work:**

As indicated above there are 66,300 families in need of housing assistance. During FY-1975 it is estimated that the proposed budget of $12,908,000 will provide assistance to 10,900 families as follows:

| | |
|---|---|
| **New Homes** | |
| HIP | 500 |
| HUD commitments | 6,000 |
| **Renovations** | |
| HIP | 4,400 |
| Total | 10,900 |

The total HUD program commitment for Indian housing amounts to 30,000 homes. As of June 30, 1973, some 15,000 houses had been delivered with 15,000 remaining to be constructed. The Bureau through its traditional Housing Development efforts will continue to provide technical and administrative assistance to tribes in developing housing project applications and proposals for financial assistance under Federal housing programs.

However, the Housing Development assistance provided the Indian people is changing to meet changing program needs. Three factors caused this change:

> As the housing program progresses, it begins to reach areas and people more difficult to serve adequately without more intensive and direct assistance from knowledgeable Bureau housing technicians.
>
> As the Department of HUD continues to reorder its priorities and change its administrative structure, Indian housing authorities and others involved in HUD activities are increasing their reliance on Bureau technical staff.
>
> As the responsibilities of Indian housing authorities increase in scope and complexity, the technical advice, training and financial assistance required from the Bureau also increases.

As a consequence the Bureau program will have a heavy emphasis on training. This training will be available to both homeowners and housing authorities and will acquaint homeowners with home repair skills and home management techniques and also equip housing authorities' personnel with a better understanding of problems and anticipated needs of housing occupants as these needs relate to successful housing management.

Specialized training for housing authority personnel will provide authority personnel with up-to-date knowledge of HUD programs and requirements for participation therein and will enable the authorities to meet their responsibilities under greatly increased administrative and managerial workload resulting from the continued increase in units under occupancy.

In order to expand and improve upon the delivery of houses in remote areas and/or to people whose incomes are below standard levels for economic feasibility, the Bureau has been working with the Department of HUD and the Indian Health Service. These negotiations have produced agreements which should provide an excellent test for expanding delivery of decent shelter to such places as Alaskan remote villages. This cooperative effort will make housing available on a large scale to people hitherto not included in nor qualifying for project-type housing programs.

Highlights of Recent Accomplishments:

| | FY-1973 | Estimated FY-1974 |
|---|---|---|
| HIP renovations | 4,460 | 4,400 |
| HIP New | 514 | 500 |
| HUD New | 3,162 | 6,000 |
| Indian Housing Authorities' Units under Occupancy | 16,000 | 20,000 |

### 3. Tribal Resources Development

| | Subactivity | F.Y. 1973 Amount Available | F.Y. 1974 Amount Available | F.Y. 1975 Estimate | Increase (+) or Decrease (-) 1975 Compared with 1974 |
|---|---|---|---|---|---|
| (a) | Business Enterprise...... | $5,167,495 | $5,137,000 | $5,980,000 | $+843,000 |
| (b) | Credit.................. | 2,104,203 | 2,316,000 | 2,677,000 | +361,000 |
| (c) | Direct Employment........ | 6,900,588 | 3,330,000 | 3,537,000 | +207,000 |
| (d) | Roads Maintenance........ | 5,925,814 | 6,361,000 | 7,117,000 | +756,000 |
| (e) | Forestry and Agriculture. | 19,037,357 | 19,788,000 | 19,772,000 | -16,000 |
| (f) | Minerals, Mining, Irrigation and Power.... | 1,544,420 | 1,612,000 | 3,142,000 | +1,530,000 |
| (g) | Direct Tribal Resources Development Operations.. | 10,507,621 | 12,781,000 | 15,384,000 | +2,603,000 |
| | Total.............. | 51,187,498 | 51,325,000 | 57,609,000 | +6,284,000 |

| | Subactivity | Bureau Assistance Program | | Contracts and Grants to Indians | | Total Program | | Increase (+) or Decrease (-) 1975 Compared with 1974 |
|---|---|---|---|---|---|---|---|---|
| | | F. Y. 1974 | F. Y. 1975 | F. Y. 1974 | F. Y. 1975 | F. Y. 1974 | F. Y. 1975 | |
| (a) | Business Enterprise...... | $5,137,000 | $5,980,000 | $386,000 | $543,000 | $5,523,000 | $6,523,000 | $+1,000,000 |
| (b) | Credit.................. | 2,316,000 | 2,677,000 | 25,000 | 220,000 | 2,341,000 | 2,897,000 | +556,000 |
| (c) | Direct Employment........ | 3,330,000 | 3,537,000 | 11,411,000 | 11,898,000 | 14,741,000 | 15,435,000 | +694,000 |
| (d) | Roads Maintenance........ | 6,361,000 | 7,117,000 | 230,000 | 636,000 | 6,591,000 | 7,753,000 | +1,162,000 |
| (e) | Forestry and Agriculture. | 19,788,000 | 19,772,000 | 729,000 | 2,080,000 | 20,517,000 | 21,852,000 | +1,335,000 |
| (f) | Minerals, Mining, Irrigation and Power.... | 1,612,000 | 3,142,000 | - | 7,000 | 1,612,000 | 3,149,000 | +1,537,000 |
| | Total.............. | 38,544,000 | 42,225,000 | 12,781,000 | 15,384,000 | 51,325,000 | 57,609,000 | +6,284,000 |

a. Business Enterprise: F.Y. 1974, $5,523,000; F.Y. 1975, $6,523,000; increase, $1,000,000. The increase consists of:

| | Increase (+) or Decrease (-) | | Total | Total | |
|---|---|---|---|---|---|
| | Amount | Positions | Program | Positions | Explanation |
| (1) | $+500,000 | -8 | $3,823,000 | 95 | For professional business management counseling and technical assistance to tribal business enterprises. |
| (2) | +200,000 | - | 2,400,000 | - | To finance additional OJT contracts with Indian community employers. |
| (3) | +300,000 | - | 300,000 | - | Bi-Centennial Program. |
| | +1,000,000 | -8 | | | |

Cost Factors Involved in Increases

(1) Thirty-three professional evaluations estimated at approximately $10,000 each, $330,000; support services to the American Indian Travel Commission, $100,000; updating and printing of technical publications and promotional material involving Indian commercial and industrial development, $56,000; $14,000 to annualize October 1973 Federal civilian pay raise; total, $500,000.

(2) $200,000 for 200 additional Indian trainees through on-the-job training contracts at an average cost of $1,000 per trainee.

(3) $150,000 for development and expansion of Indian Services, and $150,000 for the development of facilities in connection with the U. S. Bi-Centennial Program; total, $300,000.

Need for Increase:

With the unemployment among the Indians residing on reservations hovering around 40% and the per capita annual income of approximately $1,200, the development of jobs and other income opportunities, and the training of Indians to fill those jobs ranks high among needs. Hence, business enterprise development in Indian communities is an essential program ingredient. The requested funding increases will allow improvement of these conditions to an appreciable extent. The monies for the Bi-Centennial Program are needed to assure full participation of Indians in the national Bi-Centennial celebrations.

Program of Work:

In Fiscal Year 1975 the efforts in Indian business enterprise development will continue to focus on activities designed to (1) meet the persistent employment and income needs of reservation Indians; (2) increase the Indian tribal ownership of economic resources, and (3) accelerate the effort to assist the Indians in development and/or expansion of trade and commerce in Indian home communities. These objectives will be encouraged and assisted through a variety of technical and financial programs that include development of new and/or expansion of existing Indian owned and operated commercial and industrial establishments, on-the-job training assistance, promotion and development of Indian arts and crafts projects and Indian outdoor recreation resources.

The major program thrusts in the area of commercial and industrial development will include (1) continued emphasis on technical assistance to Tribal and privately owned businesses to improve and expand their enterprises; (2) continued emphasis on inducing manufacturers and businessmen to locate on or near reservation areas; (3) assisting the Indian Tribes in development of processing facilities of agricultural, mineral, and other products from Indian owned resources; (4) assisting Indian Tribes in finding various sources of financing to fund business ventures; (5) developing and disseminating information, publicizing Indian commercial and industrial resource potentials; (6) providing economic research and technical assistance that will include market analyses, economic feasibility determinations, short and long-range business development plans, and reservation resource inventories of natural, human and capital assets.

In pursuing the policy of the Bureau to develop and maintain cultural, recreational, fish, wildlife and other outdoor recreational practices, the program in Fiscal Year 1975 will be to essentially maintain the limited planning base established in Fiscal Year 1973. This will involve conducting surveys of Indian reservations' outdoor recreation resource potentials, develop comprehensive plans, determine feasibility of all elements related to outdoor recreation, explore various sources of funding assistance, and coordinate with other Federal and State agencies resources not available in the Bureau of Indian Affairs.

Also, included in this area of endeavor will be special funding to reimburse the Bureau of Sport Fisheries and Wildlife, which will continue to provide technical fisheries assistance to Indians in connection with the off-reservation treaty fishing rights. This service will cover 25 Indian Tribes in the States of Washington, Oregon, and Idaho.

In the development of the Indian manpower resources the program of work will continue to concentrate on designing and instituting the kinds of training activities that will prepare Indian people as owners, managers and employees of successful businesses. This concept will include direct contracts with industries for on-the-job training of Indian employees. It is estimated that in Fiscal Year 1975 the program will provide employment training opportunities for a total of 2,700 on-the-job training participants through some 80 on-the-job training contracts with industries located on Indian reservations.

In the area of Indian arts and crafts the program of work in Fiscal Year 1975 follows the pattern as specified by Public Law 74-355. Accordingly, the Indian Arts and Crafts Board, organized to promote the development of Native American arts and crafts, will provide professional services to Indian, Eskimo and Aleut artists and craftsmen, with ancillary benefits to the general public, which include experimentation, correlation of public and private programs, technical advice, and trademark and related protective legislation. These national advisory, promotional, and informational services are implemented primarily through three arts and crafts specialists and a coordinated system of three regional museums administered and operated by the Board. These are, the Southern Plains Museum and Crafts Center in Anadarko, Oklahoma; the Sioux Indian Museum and Crafts Center in Rapid City, South Dakota; and the Museum of the Plains Indian and Crafts Center in Browning, Montana.

Finally, to insure full participation of Indians in the celebration of the national Bi-Centennial activities the Fiscal Year 1975 program of work is designed to promote projects stressing the theme of "Discover America With the First Americans." Emphasis will be placed on expanding and establishing additional Indian services in the Southwest (including Northern and Southern Pueblos, Navajo, Hopi, White Mountain Apache, Mescalero Apache, and Colorado River); in the Northern Plains area (including Montana and Wyoming reservations);

and in the Sioux Indian country (North and South Dakota reservations). Additional Indian Bi-Centennial projects will also be provided financial and technical assistance in other parts of the country based on potential contribution to overall Bi-Centennial objectives.

Highlights of Recent Accomplishments:

On November 15, 1973, the American Indian National Bank opened its doors for business. This is the first such financial institution wholly owned and operated by and for the American Indians. The successful formation of this project was made possible with the technical assistance and financial aid provided by the Bureau of Indian Affairs and cooperative funding from EDA, OEO and OMBE, within the context of a program thrust designed to assist Indian groups in their efforts to establish Indian owned and managed financial institutions. The new Bank is the keystone of an envisioned national Indian structure that will eventually provide a multitude of services including full banking operations, capital for business ventures and insurance services to Indians throughout the United States.

The Bureau has provided technical assistance and financial aid in cooperation with the National Academy of Sciences, the Office of Economic Opportunity and the Department of Agriculture which established an experimental jojoba nut acreage in Southern California. Potentially this will lead to the development of a jojoba nut plantation on Indian reservations in both California and Arizona in the next five years. In this connection, in cooperation with the University of Arizona assisted in laying a foundation for an Indian owned and operated jojoba wax candle industry.

One of the more significant accomplishments involving industrial development assistance to Indians has been the groundwork laid for the establishment of a camouflage net factory at Devil's Lake, North Dakota. Again, this will be an Indian owned operation utilizing the management services of the Brunswick Corporation. The project includes a contract involving $125 million with a potential employment of over 200 Indian people.

The Bureau has just completed its third year as a participant in the Discover America Travel Showcase. The Bureau's exhibit, one of 26 in the display, was shown in 34 major enclosed mall shopping centers throughout the Southwest and Southeast regions of the country. The Showcase has generated over 17,000 requests for information on Indian tourism attractions and facilities in 1973.

Financial assistance was provided to the Angoon Community Association in Alaska to cover essential expenditures for the operation of the Angoon Fleet. This was necessary to prepare the fishing fleet for the 1973 fishing season, thereby preventing the loss of employment and income of this community.

A total of 1,975 Indian individuals participated in Fiscal Year 1973 in on-the-job training contracts with industries located on Indian reservations. It is estimated that this number will increase to 2,500 by the end of Fiscal Year 1974.

Some of the more notable accomplishments in the area of Indian arts and crafts development are: (1) completed initial presentations and began concentrated travel schedules of the extensive exhibitions Contemporary Southern Plains Indian Painting and Contemporary Indian Artists; Montana/Wyoming/Idaho, with catalogues published and distributed nationally by cooperating Native American enterprises; (2) produced, presented and published 25 one-person promotional sales exhibitions including an illustrated monograph for each; and (3) produced and distributed nationally over 20,000 copies of illustrated Source Directories promoting 100 Native American crafts marketing enterprises.

b. Credit: F.Y. 1974, $2,341,000; F.Y. 1975, $2,897,000; increase of $ 00. The increase consists of:

| Increase (+) or Decrease (-) Amount | Increase (+) or Decrease (-) Positions | Total Program | Total Positions | Explanation |
|---|---|---|---|---|
| $+556,000 | -7 | $2,897,000 | 131 | Provide more adequate credit services and assistance to Indian people. |

### Cost Factors Involved in Increases

(1) $536,000 for additional contracts with Indian organizations to provide credit services to Indians.

(2) $20,000 to annualize the October 1973 Federal civilian pay raise.

Need for Increase:

There is an urgent need to strengthen the professional capability of Indian Tribes to provide adequate credit and financing services of all sorts to Tribal organizations and individual members. To this end, the increase will be distributed selectively to those field locations indicating a high priority for the credit program. These would be places that have no credit officer or places where the credit volume is increasing rapidly. Following is a summary of estimated total Indian financing needs:

### SUMMARY OF TOTAL FINANCING NEEDS

### As of June 30, 1973

| | | | |
|---|---|---|---|
| 1. | Housing (Other than loans to individuals, i.e., housing enterprises, apartments, rentals, group participation). | | $24,917,500 |
| 2. | Financing of industrial development and group commercial enterprises. | | 231,010,440 |
| 3. | Financing of recreation development | | 73,536,300 |
| 4. | Financing of utility systems, transportation terminals, community buildings, civic facilities, and other governmental purposes for which tax-exempt bonds may be issued. | | 134,299,305 |
| 5. | Financing of group arts and crafts enterprises. | | 1,714,000 |
| 6. | Loans to individuals. | | 510,550,531 |
| | (a) Land | $98,745,700 | |
| | (b) Agriculture | 88,939,800 | |
| | (c) Non-Agriculture | 26,511,900 | |
| | (d) Housing | 166,783,100 | |
| | (e) Small Business | 90,492,200 | |
| | (f) Education | 6,797,000 | |
| | (g) Other | 32,280,831 | |
| 7. | Tribal Land Purchase | | 105,227,000 |
| 8. | Expert Assistance | | 817,385 |
| | Total Financing Needs | | 1,082,072,461 |

Program of Work:

The Credit Program strives to provide adequate capital to develop Indian resources to a point where Indians enjoy a suitable standard of living from their own productive efforts and to help them assume responsibility for utilization and management of their own resources. Technical services for financial management is an essential part of the program.

The total Indian financing needs are estimated currently at $1.08 billion as indicated in the table. This includes loan commitments of $13.3 million and authorized loan applications of $15.6 million, for a total of $28.9 million in approved and authorized loans. With only $3.3 million available in the Indian Revolving Fund for loans, there is a cash shortage of $25.6 million. The program of work in F.Y. 1975 is designed to meet these needs to the extent possible through direct loans from the Revolving Loan Fund and by locating other financing sources. It has been estimated that the F. Y. 1975 effort will result in an increase over the previous year of 4,000 assisted loans, totaling approximately $8 million; 500 Bureau supervised loans outstanding, with a value of $3 million; and 9,000 additional financial management counselling contacts.

Highlights of Recent Accomplishments:

During F.Y. 1973, 5,008 new BIA supervised loans were made totaling $11.7 million, with 8,660 loans totaling $67.4 million outstanding at June 30, 1973. The BIA also assisted in 23,040 loans from commercial sources totaling $24.3 million; and 1,496 loans from other Federal agencies totaling $37.7 million. Financial management contacts during the year totaled 47,166.

c. Direct Employment: F.Y. 1974, $14,741,000; F.Y. 1975, $15,435,000; increase, $694,000. The increase consists of:

| Increase (+) or Decrease (-) | | Total | Total | |
|---|---|---|---|---|
| Amount | Positions | Program | Positions | Explanation |
| $+694,000 | -38 | $15,435,000 | 231 | Increase program services to Indian applicants seeking permanent employment. |

Cost Factors Involved in Increases

(1) $660,000 for direct employment services to an additional 290 individuals and families at an average cost of $2,275 per applicant.

(2) $34,000 to annualize the October 1973 Federal civilian pay raise.

Need for Increase:

Because of funding limitations in F.Y. 1974, it is estimated that about 300 individual applicants will not receive urgently needed direct employment services. The increase will provide services to this backlog in direct job placement, and primarily on reservations, thereby contributing toward alleviating in some measure the persistent unemployment problem.

Program of Work:

The Direct Employment Program is designed to aid Indian people who possess an employable skill to find and retain suitable employment. Due to the changing employment scene and the emphasis placed on reservation development, it is expected that more training and employment opportunities will need to be explored and developed directly on reservations. In F.Y. 1975 the program of services will include: Family support services, orientation, career counseling, maintenance at destination, transportation to job and living site, medical care, personal appearance guidance, tools for employment, emergency assistance, home purchase program, solo-parent child care assistance, large family assistance. Also, the residential family training centers at Madera, California and Bismarck, North Dakota will continue operation. These are designed to meet the needs of a "hard core" minority of Indian people who because of low achievement, low education and lack of motivation cannot take advantage of the regular institutional training.

Highlights of Recent Accomplishments:

In F.Y. 1973 this program was redirected from providing urban oriented employment services to direct employment on or near Indian reservations with appreciable tribal involvement in determining major program services. As a result in that year, direct employment services were provided to 5,200 individuals and families and in F.Y. 1974 this number is expected to increase to 6,477.

d. Roads Maintenance: F.Y. 1974, $6,591,000; F.Y. 1975, $7,753,000; increase, $1,162,000. The increase consists of:

| Increase (+) or Decrease (-) Amount | Increase (+) or Decrease (-) Positions | Total Program | Total Positions | Explanation |
|---|---|---|---|---|
| $+1,162,000 | -5 | $7,753,000 | 287 | To cover increased cost of road maintenance services. |

Cost Factors Involved in Increases

(1) $1,120,000 for additional costs of approximately $50/mile for road maintenance services of the Indian road network involving some 22,740 miles.

(2) $42,000 to annualize the October 1973 Federal civilian pay raise.

Need for Increase:

The present level of funding ($280/mile) is about 36% of the detailed need, representing approximately one-third of what States and counties are spending ($775/mile) on similar type roads. The cost of materials, labor, fuel and equipment has risen approximately 12% over the past year. Also, the equipment used is unsafe and requires modification or replacement to meet the standards of the Occupational Safety and Health Act. Finally, the road construction program is presently increasing the road maintenance requirements at a rate of an additional $800,000/year.

Program of Work:

A detailed description of the services to be performed by this program is as follows:

a. Paved surface maintenance - 3,288 miles of 2-lane bituminous covered roadway, most of which has been constructed to this stage of completion in the past ten years. To protect the investment and provide safe travel, work features of maintenance include repairs to bituminous surface, drainage clean-out and corrections, bridge and culvert maintenance, vegetation control and roadside cleanup, plus preventative measures to avoid severe damage by normal weather and traffic causes. These routes are the most heavily used by the Indian and reservation traffic. This item includes the maintenance of 6 paved surfaced air strips.

b. Gravel surface maintenance - 2,185 miles of 2-lane natural gravel or crushed rock wearing surfaced roads, part of which is in the stage of being constructed to become paved surfacing, due to traffic demands. A portion of this surface type will remain as gravel-covered roadway serving as farm to market all-weather routes, with about 50 percent of these routes being substandard low-service roads serving 2 to 6 families as access roads connecting to a higher surface type route. The level of maintenance being provided is on an intermittent basis due to the heavier demand on the resources to protect the investment on the paved surface routes.

c. Earth surface maintenance - 11,875 miles of 2-lane roads. Many of these routes were built to a level which is now below today's standards. Approximately 50 percent are now being maintained on a scheduled basis, with the remaining miles receiving maintenance on an "on call" or "demand" basis. These roads, including most other surface types were the basic system as established in 1933. They were built by CCC, WPA and other depression era activities of that period by the Bureau. This item includes the maintenance of 35 earth surfaced airstrips.

d. Access trails - 5,125 miles of single lane roads serving recreation, cattle operations, conservation, range, forestry and other land use features. These routes are seasonally maintained on an as-needed basis. Usually light work is done, such as fill washouts, clearing fallen timber, and making the road passable to truck traffic only.

Included in the above is the emergency work required to repair damages due to floods and natural causes (slides, cave-ins, etc.), which consists of 10 to 20 percent of the workload which is classified as unscheduled work and falls into the surface type category. The Bureau also maintains airstrips. The airstrips maintained are usually repaired while completing similar type of work on nearby roads.

In addition, bridge repair and maintenance is performed on 49,890 linear feet of bridges. This work is also accomplished when the need arises.

Highlights of Recent Accomplishments:

The maintenance services performed in Fiscal Year 1973 involved:

2,888 miles of paved surface roads
2,285 miles of gravel surface roads
12,175 miles of earth surface roads
5,125 miles of access trails roads
49,390 linear feet of bridges

e. Forestry and Agriculture: F.Y. 1974, $20,517,000; F.Y. 1975, $21,852,000; increase, $1,335,000. The increase consists of:

| | Increase (+) or Decrease (-) Amount | Increase (+) or Decrease (-) Positions | Total Program | Total Positions | Explanation |
|---|---|---|---|---|---|
| (1) | $+315,000 | -18 | $7,257,000 | 354 | For forest protection needs and to sustain present level of timber sales activity. |
| (2) | +387,000 | -8 | 4,422,000 | 147 | For physical improvements critical to development of range units. |
| (3) | +633,000 | -32 | 9,373,000 | 421 | For urgent soil and water conservation improvement measures. |
| | +1,335,000 | -58 | | | |

### Cost Factors Involved in Increases

(1) $262,000 for additional prevention and presuppression needs, including seasonal fire control aids, lookouts, fire break construction, training in fire control, preparation of fire plans, firefighting equipment, etc.; $53,000 to annualize the October 1973 Federal civilian pay raise; total, $315,000.

(2) $365,000 for physical developments to improve range units; $22,000 to annualize the October 1973 Federal civilian pay raise; total, $387,000.

(3) $570,000 for the installation of soil and water measures critical to conservation needs; $63,000 to annualize the October 1973 Federal civilian pay raise; total, $633,000.

Need for Increase:

(1) Wildfire control efforts on Indian lands are greatly underfunded. Additional cost will be necessary in timber sales preparation and supervision in order to prevent detrimental effects on the environment caused by logging activities. In the event of another disastrous fire season, all of the increase would have to be used in protection activities, in addition to funds diverted from timber sales, forest management inventory, and other activities. This would inevitably have an adverse effect on the already curtailed income received by the Indian people from timber sales.

Timber sales receipts are the prime source of income on many reservations; however, Indian owners are losing as much as $4.3 million dollars a year in income from stumpage payments because of an underfunded timber sales program. The reservation communities are losing the social and economic benefits that would be generated by over 500 additional year-long job opportunities, which in turn would provide $3.3 million more in wages. In a time of good market conditions such as we are presently experiencing, the loss is magnified.

(2) In the past, programs of other federal agencies have supplied sizable amounts of funds for physical development of individual Indian rangelands. These funding sources have recently been substantially reduced, which will curtail physical developments. Further, sustained emphasis is essential for the educational and training phases of the range program if Indian people are to continue to adopt the management and development techniques necessary to achieve the full potential production of the Indian range resource. It is

essential that the technical services and range physical development be expedited if the Indian owners and their communities are to realize the benefits of the improved condition and proper utilization of Indian rangelands.

Inventories and other technical data indicates an average potential grazing capacity 50% greater than the current estimated proper stocking. Over a period of time, this potential can be reached through an understanding and application of the basic principles of prudent range management, and after the development of necessary physical range improvements.

(3) Approximately 9 million acres now have a moderately severe active accelerated erosion condition. This means that 25% to 75% of the top soil from these lands has been removed (lost and contributing to the pollution of our streams and lakes). Erosion prevention is basic to maintaining the productive capacity of these lands, and the resulting Indian income potential, as well as reducing the siltation of streams, lakes and reservoirs.

Program of Work:

The objective of Indian forest management is to realize from the forest resources, the highest economic and social services for the Indian owners, on a sustained basis. This basic objective is accomplished through:

1. Encouraging and assisting the Indians to participate in all phases of forestry activities through expanded employment and engagement in logging, wood-using and other business enterprises.

2. Protecting the forests from fire, insects, disease and trespass.

3. Developing the forests to harvest the full allowable cuts in accordance with sustained-yield forestry principles.

4. Applying forest cultural practices such as reforestation and timber stand improvement to raise the productive capacity of the forest lands and increase the allowable cut.

In consultation with the Indians, forest management work plans are related with other uses of the forests, such as grazing, recreation, and watershed management. Indian forests especially enhance the unique wildlife and recreational potentials on many of the Indian reservations. Development of these potentials would provide considerable income, employment, and business opportunities for Indians.

This subactivity also provides funds to pay the cost of suppression and emergency prevention of fires on or threatening forest and range lands on Indian reservations, and for emergency rehabilitation of burned-over areas which will not or have not naturally reseeded within a period of time to adequately prevent soil erosion, water pollution, siltation, and losses of watershed and other economic values. The amount included is a token amount for fire suppression and emergency rehabilitation activities; uncontrollable factors in this category make it necessary for the Bureau to submit a supplemental request to cover the actual costs of fire suppression. Obligations for the past five fiscal years were:

| F. Y. 1969 | F. Y. 1970 | F. Y. 1971 | F. Y. 1972 | F. Y. 1973 |
|---|---|---|---|---|
| $1,191,002 | $1,032,413 | $4,826,675 | $6,935,015 | $3,700,000 |

Obligations for Fiscal Year 1974 through December 31, 1973 were $3,343,695.

Range program services determine the condition and potential production capabilities of 42 million acres of Indian-owned rangeland; help Indian owners design plans for developing, managing, and utilizing this resource for livestock production while considering feasible benefits from wildlife, forests, recreation, watershed protection, farmsteads, and industrial and urban expansion. Range condition trend studies and forage utilization checks are made to determine needed adjustments in stocking rates, season of use, unit and pasture boundaries and to determine locations, sources, quality and location of range water and other rangeland development and improvement needs. Over 70% of all Indian rangelands are located in the arid southwest where range water deficiencies must be relieved by deep wells, paved catchment basins, and pipelines. Failure to provide this assistance or to make critical physical developments will adversely affect the already curtailed income of those Indians dependent upon the range resource for all or part of their livelihood.

The soil and water conservation program provides assistance for farm, ranch, watershed, and reservation planning for the utilization and development of Indian soil, water, and forage resources. These plans are based on information provided by soil and range inventories. Special emphasis will be placed on greater Indian participation in decision making relating to use and management of their agricultural resources. Technical assistance will be provided that furthers understanding on the part of Indian people of basic soil conservation principles. Such understanding is basic to the success of the program.

Working with Indian owners, conservation measures are designed to fit each set of soil, slope, and erosion conditions so as to: (1) correct ravages of erosion and depletion; (2) protect still-productive land against erosion and depletion; (3) improve productivity of the soil; and (4) control sediment. Such measures and good management on the part of land users make a maximum contribution to maintaining or increasing Indian income from their resources and to the Nation's environmental effort.

Today, non-Indians are producing and harvesting almost two thirds of the gross annual agricultural product from Indian lands. The program is designed to encourage and assist Indian owners to obtain the benefits from using and managing their own resources.

Highlights of Recent Accomplishments:

Timber cut under contract, paid permit, and special allotment timber cutting permit:

| Fiscal Year | Volume Cut-MBM | Value |
|---|---|---|
| 1969 | 974,332 | $32,935,311 |
| 1970 | 776,402 | 26,885,540 |
| 1971 | 770,927 | 23,324,943 |
| 1972 | 927,188 | 37,952,965 |
| 1973 | 972,935 | 56,928,350 |
| 1974 Estimate | 930,810 | 67,654,420 |
| 1975 Estimate | 928,428 | 67,921,335 |

Land protected: Forest and range total - 59,515,515
Forest lands - 12,853,140

| | |
|---|---|
| Number of fires suppressed: | 1,945 |
| Reforestation: | 10,500 acres |
| Timber Stand Improvement: | 31,400 acres |

In 1972, Indian rangeland furnished over 7,600,000 animal unit months of grazing. This produced livestock products with a gross value of $77,600,000 of which $58,500,000 was produced by Indian ranching operations. This was an increase of $15,200,000 and $13,500,000 respectively over 1968. The total use of Indian rangeland by Indian stockmen increased from 90% in 1968 to 92% in 1972.

The Bureau has completed soil and range inventories on approximately 92 percent of the open Indian land to be mapped. Approximately 6 million acres of Indian land are now being managed in a manner that allows maximum production and utilization of production consistent with sound environmental management.

f. Minerals, Mining, Irrigation and Power: F.Y. 1974, $1,612,000; F.Y. 1975, $3,149,000; increase, $1,537,000. The increase consists of:

| | Increase (+) or Decrease (-) | | Total Program | Total Positions | Explanation |
|---|---|---|---|---|---|
| | Amount | Positions | | | |
| (1) | $+1,000,000 | - | $1,000,000 | - | Mineral inventories on Indian lands with emphasis on energy resources. |
| (2) | +537,000 | +1 | 2,149,000 | 8 | To maintain essential operation and maintenance work in Indian Irrigation systems. |
| | +1,537,000 | +1 | | | |

Cost Factors Involved in Increases

(1) Initiation of a new program for inventory of Indian energy minerals and resources; $1,000,000.

(2) Increased costs of operations and maintenance work, and increased uncollected assessments, $537,000.

Need for Increase:

Coal, geothermal, oil shale, uranium and other energy resources occur on Indian reservation lands. The President has issued directives to Federal public land agencies, and the States are being encouraged to develop long-range programs for all energy resources within their jurisdictions based upon a thorough analysis of the Nation's energy needs, environmental and economic objectives. It is imperative that the trustee initiate similar programs on Indian lands. The $1,000,000 for mineral inventories is the first stage in an accelerated program which will directly involve the Indian in developing specific energy initiatives on a reservation-by-reservation basis.

The increase of $537,000 to maintain operation and maintenance services in Indian Irrigation systems in fiscal year 1975 is to cover the payment of annual operation and maintenance charges assessed against Indian-owned lands included within various private and public irrigation districts and water user charges; annual contract payments authorized by the Congress; and annual operation and maintenance costs for those projects not included within private or public irrigation districts and water user associations.

Program of Work:

The intensified minerals and mining program for fiscal year 1975 will involve an inventory of existing mineral leaseholds, reports, studies and data prepared by Federal agencies, colleges and universities, and private sources concerning all Indian mineral resources. The data collected will be analyzed for each reservation and made available to the tribal or individual Indian landowner to assist them to utilize their mineral resources to their maximum benefit. In subsequent years this will provide for informed Indian involvement in decisions concerning development, utilization and marketing.

The irrigation and power program provides funds to pay the operation and maintenance assessments for those Indians who are financially unable to pay their assessments. Paying the assessments for those Indians who are financially unable to pay will provide those water users both Indian and non-Indian who have paid their assessments, adequate and proper operation and maintenance services for which they were required to pay in advance. Also, proper and adequate maintenance avoids unnecessary and costly crop failures. Continued neglect of the system because of inadequate funds will eventually require major rehabilitation costs.

All collections from water users are deposited in the operation and maintenance receipt account and are available for operating and maintaining the respective projects pursuant to the provisions of the Act of August 7, 1946 (60 Stat. 895). These collections include payments by Indian and non-Indian water users and payments made on behalf of Indian water users who are financially unable to pay their assessment for current annual operation and maintenance. Collections from Indian water users for prior year assessments which have previously been paid from reimbursable appropriated funds are deposited directly into the Treasury to the Miscellaneous Receipt Account as a repayment of reimbursable indebtedness. Where non-Indians receive water services from Indian irrigation systems, they are required to pay the full per acre cost.

Indian irrigation systems and projects fall in the following categories:

1. Projects which are economically feasible on the basis that there is a sufficient quantity of water to supply the assessable area. The lands have characteristics which will produce crops under sustained irrigations and have repayment capabilities which will permit landowners and water users as a whole to pay the full annual cost of the operation and maintaining the system. The assessment rates on these projects are fixed to return the full operation and maintenance costs. Any unpaid assessment becomes a lien against the land for which the assessment is not paid. Funds requested under this appropriation for payment of assessments under this category will be used when necessary to pay into the Collection Account that part of the uncollectible current annual per acre assessment against Indian-owned lands. Funds so paid into the Collection Account to cover such unpaid assessments become reimbursable debts due to the United States.

2. Projects where the repayment capabilities of the land will not permit payment of the full annual operation and maintenance costs. Assessment rates for Indian water users on these projects are based on the ability of the Indian to pay and therefore do not cover the full cost of operation and maintenance. All or any portion of any unpaid assessment becomes a lien against the land for which such assessment is not paid. Funds requested for payment of costs under this category will be used when necessary to pay into the Collection Account that part of the annual operation and maintenance cost on Indian-owned lands in excess of the annual assessment and any part of the uncollectible annual per acre assessment against Indian-owned lands. Funds so paid into the Collection Account to cover these costs become reimbursable debts due the

United States when used to pay all or any part of the annual costs included in the assessment rate. Costs in excess of the assessment rate are non-reimbursable.

3. Irrigated areas, such as subsistence garden tracts and tracts of a few acres which do not represent economical units, but provide Indian landowners with a means of supplementing their livelihood. Because of the low income of the Indian landowners and water users on these irrigated areas and tracts, it is not feasible from an economic standpoint to assess these lands. Accordingly, the operation and maintenance costs are non-reimbursable and do not become a lien against the lands benefited. Funds requested for payment of costs under this category will be used when necessary to pay into the Collection Account the total cost for operation and maintenance of these subsistence garden tracts and irrigated areas, or if no Collection Account has been established and it is not desirable or proper to establish such an account, the funds will be expended when necessary directly from the appropriation account.

4. Irrigation systems and reservoirs serving Indian-owned lands located within and operated by various private and public irrigation districts and water user associations. Assessments for operation and maintenance of the irrigation systems and reservoirs serving these Indian-owned lands are made by the irrigation district or water users' association embracing and serving such Indian-owned lands. Funds requested for payment of assessments under this category will be used when necessary to pay into the Collection Account for payment to private and public irrigation districts and water users associations for operation and maintenance costs assessed for Indian-owned lands included within such irrigation districts and water users associations. Funds used for payment of assessments covering these costs are reimbursable and become debts due the United States except for those payments that are non-reimbursable by legislation.

5. Projects that are operated by this Bureau at no cost to the Indian land-owners and water users as provided for under legislation. Funds requested for payment of assessments under this category will be used when necessary to pay into the Collection Account appropriated funds for irrigation projects operated by this Bureau at no cost to the Indian water users as required by legislation.

## 4. Trust Responsibilities and Services

| Subactivity | F.Y. 1973 Amount Available | F.Y. 1974 Amount Available | F.Y. 1975 Estimate | Increase (+) or Decrease (-) 1975 Compared with 1974 |
|---|---|---|---|---|
| (a) Indian Natural Resources Rights Protection...... | $1,912,391 | $2,302,000 | $3,331,000 | +$1,029,000 |
| (b) Real Estate and Financial Trust Services........ | 11,204,729 | 12,142,000 | 14,554,000 | +2,412,000 |
| Total.......... | 13,117,120 | 14,444,000 | 17,885,000 | +3,441,000 |

a. Indian Natural Resources Rights Protection: F.Y. 1974, $2,302,000; F.Y. 1975, $3,331,000; increase, $1,029,000. The increase consists of:

| | Increase (+) or Decrease (-) Amount | Increase (+) or Decrease (-) Positions | Total Program | Total Positions | Explanation |
|---|---|---|---|---|---|
| (1) | +$868,000 | +1 | $2,643,000 | 11 | To increase the number of water inventories and plans, and support necessary litigation. |
| (2) | +161,000 | -7 | 688,000 | 33 | To provide technical services required by NEPA. |
| | +1,029,000 | -6 | | | |

### Cost Factors Involved in Increases

(1) To process an increased number of water rights inventories and plans, and to acquire data to support additional litigation, $866,000; to annualize the October 1973 Federal civilian pay raise, $2,000; total, $868,000.

(2) To make additional environmental examinations, assessments, and statements, $156,000; to annualize the October 1973 Federal civilian pay raise, $5,000; total, $161,000.

Need for Increase:

In fulfilling its role as trustee of Indian lands and related resources aggressive and effective action is demanded of the Government to protect the rights of Indians in those resources. As pressures mount on scarce resources, especially water and energy resources, program efforts must be expanded to assure that Indian rights are effectively protected. Further, it has been determined that the provisions of the National Environmental Protection Act of 1969 are included within the trust responsibilities of the Government, dramatically increasing the trust services workload.

Program of Work:

This program area includes the function of directing every aspect of the Interior Department's effort to assert and protect the water rights of Indians, i.e. to: (1) identify all Indian water rights problems on every federally recognized land base (277 reservations); (2) develop technical information and comprehensive lists of potential land and water uses for Indian reservations and communities needed to develop economically, including nature of and location of such use; (3) coordinate initiating action, both initial or corrective, needed to establish or defend Indian water rights, including drafting regulations, reports or proposed legislation; (4) coordinate the preparation of water adjudication suits for submission through the Interior Department Solicitor to the Department of Justice; (5) monitor and plan strategy in State water rights cases having impact on Indian water rights; (6) coordinate, guide and supervise the Department's agencies, Bureau field staffs, and tribes, and advise and inform tribal attorneys, in all Indian water rights efforts; and (7) carry out all above activities with continuing consultation with the National Indian Advisory group, established by the Secretary of the Interior. The order of carrying out such activities will be to:

1. Accumulate information to support actions in Indian water rights matters currently in litigation.
2. Acquire specific data to supplement and support any litigation where encroachment of Indian resources is threatened or imminent.
3. Gather and record information necessary for Indian participation in the Western U. S. Water Plan.
4. Gather data to inventory Indian water resources and needs in all other federally recognized land base reservations.

The Bureau is charged by the National Environmental Policy Act of 1969, and various regulations, with the preparation and submission of environmental impact statements when a proposed action or activity is determined to be a major federal action having a significant effect on the quality of the human environment. The work program includes consulting with Indian tribes; consulting, assisting, reviewing, and commenting on environmental statements prepared by other agencies; monitoring on-going activities; examining proposed actions or activities to establish conformance with NEPA; preparing environmental assessments; preparing environmental statements, with public hearings and review procedures established by the Council on Environmental Quality.

Prior to the Davis vs. Morton Decision of the Tenth Circuit Court, the Bureau's environmental workload had been concentrated in the direct Bureau activities or operations, and the review, comment and coordination with other agencies and Indian tribes when Indian trust lands and rights were involved. This decision now requires that trust actions conform with provisions of NEPA. Problems are identified with the numbers of determinations required and the number of assessments and statements now needed to support our trust responsibilities.

The following table provides selected program workload and performance data:

| Item | 1973 Actual | 1974 Estimate | 1975 Estimate |
|---|---|---|---|
| Indian trust land (mil. ac.)........... | 50.5 | 50.5 | 50.8 |
| Rights protection services: | | | |
| Water rights inventories completed: a/ | | | |
| Phase I (no.)...................... | 24 | 31 | 55 |
| Phase II (no.)..................... | 1 | 15 | 30 |
| Phase III (no.).................... | 0 | 1 | 1 |
| Litigation cases: | | | |
| Filed or appealed (no.)........... | 10 | 4 | 8 |
| Adjudicated (no.).................. | 0 | 1 | 4 |

| Item (Cont.) | 1973 Actual | 1974 Estimate | 1975 Estimate |
|---|---|---|---|
| Environmental Protection Services: | | (Estimated) | |
| Examinations completed (thousands).... | 30 | 50 | 50 |
| Assessments completed (no.)........... | 0 | 30 | 50 |
| Statements completed (no.)............ | 0 | 2 | 4 |
| Statements reviewed (no.)............. | 200 | 260 | 300 |

a/ Water rights inventory phases are defined as follows:

Phase I -Identification of water resource base.
Phase II -Identification of present and future water requirements.
Phase III-Plan formulation and selection of programs or projects to satisfy present and future reservation water requirements.

b. Real Estate and Financial Trust Services: F.Y. 1974, $12,142,000; F.Y. 1975, $14,554,000; increase, $2,412,000. The increase consists of:

| | Increase (+) or Decrease (-) | | Total | Total | |
|---|---|---|---|---|---|
| | Amount | Positions | Program | Positions | Explanation |
| (1) | +$1,304,000 | +3 | $9,675,000 | 453 | To provide critically needed real estate services and reduce backlog of 30,000 cases. |
| (2) | +813,000 | -4 | 3,045,000 | 117 | To provide critically needed real estate appraisal services in a program with an increasing backlog. |
| (3) | +295,000 | -4 | 1,834,000 | 128 | Additional services and equipment needed to carry out financial trust services. |
| | +2,412,000 | -5 | | | |

## Cost Factors Involved in Increases

(1) For additional contractual and personal services to process approximately 15,000 additional lease and other real estate transactions at $82 per transaction, $1,236,000; to annualize the October 1973 Federal civilian pay increase, $68,000; total, $1,304,000.

(2) For contracts to prepare approximately 2,650 appraisal reports at $300 per report, $795,000; $18,000 to annualize the October 1973 Federal civilian pay raise; total, $813,000.

(3) $276,000 for improved equipment and additional contractual services in field offices to service an estimated additional $20 million in individual Indian money accounts; $19,000 to annualize the October 1973 Federal civilian pay raise; total, $295,000.

Need for Increase:

The increase is needed in order to keep pace with the increasing number of real estate and financial transactions caused by tribal, Bureau, and other government agencies' programs. Indian landowners universally manifest an intense interest in their landholdings, regardless of whether a small fractionated interest or a large acreage is involved. They request, demand, and very properly expect prompt and efficient action when leases, partitions, exchanges, probate actions or other related matters are needed. As trustee, the Government would be in an untenable position if it did not provide the quantity and quality of services expected of the trustee. The requested funds for 1975 will provide for steps toward a well-balanced trust services organization that will provide prompt and efficient services. The increases included are based primarily on the priorities expressed by Indian tribes through a formalized planning-budget formulation process that provides explicitly for tribal participation. Proposed funding levels reflect stated tribal priorities within the context of Federal expenditure decisions.

Program of Work:

In addition to the needs of individual Indians and tribes for real estate services, other public programs are concerned with the use or development of Indian lands. Examples include water rights protection, road construction, housing development or improvement projects, etc. Each of these requires some or all of the Bureau's real estate services support capabilities, such as title and records certification, preparation and finalization of appraisals, rights-of-way, deeds, leases, permits, decedents' family history data, estate trust or restricted property inventories, etc.

The protection of the environment is finally recognized as an issue of major importance, necessitating preplanning, inspection and compliance programs to bring into balance economic gains and long-term effects on the environment. Currently, coal and copper strip-mining operations, fossil fuel electrical generation, uranium mining and milling, agricultural development, industrial plants, and commercial operations are critical areas needing close supervision and continued monitoring for lease compliance. The environmental standards and protection provisions of the lease require a compliance and inspection program to fulfill the Governments responsibility as trustee.

The appraisal work program of the Bureau consists of professional appraisals, valuation counseling, land use planning, feasibility analysis and in some cases, HUD #701 grant land planning coordination. The appraisal of real estate is by far the largest and most important element in the program. The total normal workload of approximately 20,000 appraisals is for leasing arrangements, land acquisitions, land disposals, patents in fee, gift deeds, rights-of-way to State, Federal and county governments, easements for utilities, and land exchanges. At the present time, we are able to accomplish approximately 11,000 appraisals per year, leaving approximately 9,000 transactions without appraisal reports.

The Bureau is charged by various laws and regulations with the trust responsibility of accounting for and disbursing individual Indian monies which come into the custody of Bureau officials as a result of leasing and/or sale of trust property; from the sale of forest and other products produced on trust property; and the disbursement of per capita payments, judgments, awards, and claims. Indian Service Special Disbursing Agents are designated to carry out these responsibilities. In addition, field representatives serve as contact with Indians at the reservation level to perform work connected with the administration of trust properties.

The following table provides selected program workload and performance data:

| Item | 1973 Actual | 1974 Estimate | 1975 Estimate |
|---|---|---|---|
| Indian trust land (mil. ac.).......... | 50.5 | 50.5 | 50.8 |
| Intermingled Government land (mil. ac.) | 2.2 | 2.2 | 2.2 |
| Lease and permit income from trust land (mil. $)...................... | $62.0 | $74.3 | $89.2 |
| Real estate trust services: | | | |
| Cadastral surveys (miles)........... | 150 | 300 | 300 |
| Appraisals (no.).................... | 10,986 | 13,150 | 15,800 |
| Surface leases and R/OW actions serviced.......................... | 52,631 | 63,200 | 75,800 |
| Subsurface leases serviced.......... | 13,843 | 16,600 | 19,900 |
| Land title conveyance actions serviced.......................... | 9,755 | 11,700 | 14,000 |
| Financial trust services: | | | |
| Tribal accounts serviced (mil. $)... | $345.5 | $330.0 | $325.0 |
| Individual Indian money accounts serviced (mil. $)................. | $123.0 | $130.0 | $150.0 |

IA-41
IA42 not used

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OPERATION OF INDIAN PROGRAMS

5. General Management and Facilities Operations

| Subactivity | F.Y. 1973 Amount Available | F.Y. 1974 Amount Available | F.Y. 1975 Estimate | Increase (+) or Decrease (-) 1975 Compared with 1974 |
|---|---|---|---|---|
| (a) Management and Administration............... | $ 8,465,000 | $ 8,571,000 | $ 9,106,000 | $+ 535,000 |
| (b) Program Support Services.................... | 1,357,000 | 1,435,000 | 1,685,000 | + 250,000 |
| (c) Facilities Management....................... | 38,013,555 | 40,355,000 | 46,163,000 | +5,808,000 |
| (d) Direct Tribal Facilities Operations......... | 4,169,000 | 3,325,000 | 6,039,000 | +2,714,000 |
| Total.............................. | 52,004,555 | 53,686,000 | 62,993,000 | +9,307,000 |

| Subactivity | Bureau Assistance Programs |  | Contracts and Grants to Indians |  | Total Program |  | Increase (+) or Decrease (-) 1975 Compared with 1974 |
|---|---|---|---|---|---|---|---|
|  | FY 1974 | FY 1975 | FY 1974 | FY 1975 | FY 1974 | FY 1975 |  |
| (a) Management & Administration...... | $ 8,571,000 | $ 9,106,000 | $- - - | $- - - | $ 8,571,000 | $ 9,106,000 | $+ 535,000 |
| (b) Program Support Services....... | 1,435,000 | 1,685,000 | - - - | - - - | 1,435,000 | 1,685,000 | + 250,000 |
| (c) Facilities Management........... | 40,355,000 | 46,163,000 | 3,325,000 | 6,039,000 | 43,680,000 | 52,202,000 | +8,522,000 |
| Total...... | 50,361,000 | 56,954,000 | 3,325,000 | 6,039,000 | 53,686,000 | 62,993,000 | +9,307,000 |

(a) Management and Administration: F.Y. 1974, $8,571,000; F.Y. 1975, $9,106,000; increase $535,000. The increase consists of:

| Increase (+) or Decrease (-) |  | Total | Total |  |
|---|---|---|---|---|
| Amount | Positions | Program | Positions | Explanation |
| (1) $+535,000 | +4 | $9,106,000 | 293 | For increased costs in supervising & monitoring contract operation and for reservation level annual program planning & development. |

Cost Factors Involved in Increase

(1) Annualization of pay cost due to E.O. 11739 (averaging 4.77%) is reflected in the requested increase. Increased positions unit cost factor is $25,850 including salary (GS-13/1), FBC (10% of salary), and associated operating costs (15% of salary).

Need for increase:

Increasing emphasis on contracting of Bureau programs with Indian tribes, organizations and individuals has created a situation whereby the contract negotiation, preparation, supervision and monitoring function is not adequately staffed and funded. With $129,000 of the requested increase in funds and an additional five (5) positions the Bureau will be able to more effectively implement the contracting of Indian programs to Indians as they desire. The increased staff will be utilized at the Central Office level to set contracting procedures and policies and to supervise and monitor the Bureau-wide efforts of increased contracting in FY 1975.

Approximately $48,000 of the increased funds are required to annualize the effects of additional pay costs due to E.O. 11739. These funds will allow maintenance of FY 1974 program levels for the management and administrative functions involved.

Approximately $358,000 of the requested funds will be utilized to increase services at the reservation level for the program planning and development function. The increased funds will be distributed to expand programs as indicated by the priorities established by Indian tribes. It is anticipated that the overall program planning and development effort can be accomplished in FY 1975 with a reduction of one (1) position. Therefore, the net increase in positions for the subactivity is four (4) positions.

Program of work:

The program provides for executive direction and other general management and administrative functions at the Washington and Albuquerque Headquarters such as policy formulation; development of systems and procedures; program planning, development and budget; legislative development; public information; program audit and review; accounting management; property and supply; personnel management; records and communications; management research; and contract supervision and monitoring. These functions are involved in the support of the many programs of the Bureau. Administrative costs involved in the operation of a centralized accounting, payroll and data processing system; the Area Offices; and the Reservation Management at the agency level are charged to program funds.

The program provides for a management evaluation system which accomplishes scheduled and recurring checks and measurement of the effectiveness and responsiveness of Bureau program administration, with emphasis on management by objectives, at all organizational levels. The system schedules on-site visits to Bureau field installations by evaluation teams. Evaluation teams include Bureau headquarters and field personnel, tribal representatives and non-Bureau personnel. Obtaining the opinions and observations of tribal governing bodies during the general evaluation is stressed.

The program provides for a program planning and development function which primarily directly serves the reservation or agency level. The activities involved divide into three general areas of work:

(1) Gathering, assembling and analyzing basic demographic, social and economic data on a reservation-by-reservation basis for use in program analysis and development. Close cooperation is maintained with the Bureau of the Census and other data sources. Work outputs include the semi-annual Labor Force Report, contributions to the annual program and financial plan, and special reports as required.

(2) Assisting Indian tribes in the preparation of annual program plans, with supporting analytical studies, for each operating entity of the Bureau. Analytical studies at the reservation level are important elements of the work. They evaluate program alternatives to provide a basis for sound decisions by Indians on the best methods of achieving their objectives and setting program priorities. The Bureau-wide consolidation of these program plans, with supporting analytical studies, is used within the Department as a basis for budget decisions and to support the Department's presentations to the Office of Management and Budget. The work includes developing and maintaining the Bureau-wide Planning-Programming-Evaluation Data System to provide funding, staffing and accomplishment information for the annual program plan. The system provides for periodic updating of program plans to reflect decisions made during the budget cycle on funding and staffing levels.

(3) Continuing efforts to improve the Bureau's and tribes' data bases and to provide for modern data gathering and usage systems to improve information available to the Bureau and the tribes to make management decisions.

Highlights of recent accomplishments:

(1) During FY 1974 the Bureau's fiscal management systems are being revamped to improve accounting efficiency and to provide for a functional classification of costs. The use of a functional classification in addition to the existing object classification will provide to the Bureau's management levels cost information more related to what work the Bureau does. This information should lead to more effective management decisions in accomplishing the goals and objectives of the Bureau. In addition, the functional cost classification and the Bureau's budget structure are being brought into conformance.

(2) A plan of action for a comprehensive Bureau-wide management evaluation system has been developed and pilot evaluations will be conducted before the end of Fiscal Year 1974.

(3) The Planning-Programming-Evaluation Data System is currently being modified to be fully integrated with the finance system. The functional classification used to record cost information will also be used as program components in the planning and budgeting cycle. During the current year a concerted effort is being made to revise and improve the accomplishment portion of the PPE system. Field levels were canvassed to identify valid work accomplishment measures. The selected accomplishments will be used in planning efforts for the FY 1976 budget cycle.

(4) Indian involvement and participation in the program planning decisions of the Bureau has again been stressed and up-graded. Local Indian priorities for the FY 1975 Bureau budget were determined on an agency-by-agency basis by means of a priority analysis system. These priorities were used to help develop the distribution of FY 1975 funds down to the local level on a program-by-program basis. To familiarize Indian leadership with the Federal budget process in general and the Department and Bureau processes in particular, a budget formulation and program planning workshop was developed for use at the Agency level as a preliminary step to the FY 1976 budget cycle. The workshop's major emphasis is to assist Indian leaders in how to establish local priorities relating to the Bureau's programs under constrained funding levels.

(5) The Indian Information System, a reservation-based resources information and management system, is being expanded to two additional reservations. Data is now being provided from the Blackfeet and Fort Belknap Reservations on the land and human resources of these reservations. The system should provide these tribes with management information to foster their self-development. The computing system requirements of the IIS system are being evaluated so that it can eventually be expanded to all reservations requesting it.

(6) Program Support Services: F.Y. 1974, $1,435,000; F.Y. 1975, $1,685,000; increase $250,000. The increase consists of:

| Increase (+) or Decrease(-) Amount | Increase (+) or Decrease(-) Positions | Total Program | Total Positions | Explanation |
|---|---|---|---|---|
| (1) $140,000 | - - | 858,000 | 33 | Provide funds toward meeting the Bureau's safety needs. |
| (2) 110,000 | - - | 827,000 | -- | Provide funds to reimburse the Employee Compensation Fund. |
| $250,000 | - - | | | |

Need for increase:

(1) The increase of $140,000 will provide limited funds toward meeting the safety management needs of the Bureau. The funds will be used to purchase safety-related supplies, materials and equipment in support of the program.

(2) The increase of $110,000 provides for uncontrollable cost increases due to higher salary base for compensation, cost of medical care, and cost of living increases related to employee compensation claims.

Program of work:

(1) The program includes funds for the Bureau Safety Management Program which covers the safety activities required under Title 5, U.S.C., Section 7902, under P.L. 91-596, "the Occupational Safety and Health Act of 1970"; P.L. 91-54, "Construction Safety Act of 1969"; and Executive Order 11612. The total safety management activities cover approximately 17,000 employees, 55,000 Indian and Alaskan Native students, and 500,000 Indian/Alaskan Natives residing on or near Indian lands and/or Indian/Alaskan Native communities.

The Safety Management Program assists tribal councils, Indian-owned enterprises and all Bureau facilities to meet safety standards. The extremely high loss of lives, and severe economical impact upon Indians and their enterprises and/or communities, along with the human suffering from all accidents, which are preventable, can no longer be ignored or by-passed. The prime responsibility of the U. S. Government in its trust responsibility to the Indians is the protection and safety of Indian lives and their property. The Indian people are entitled to the same "protectivity" as P.L. 91-596 provides for men and women employed by Federal agencies and private enterprises.

Since 1952, 66 employees have been killed by work-connected accidents within the Bureau through 1972. During the same period 1952-1972, 6,537 employees have been injured sufficiently to be off-the-job for one day or more; many employees were permanently injured. Cost estimates for fatalities/injuries losses are estimated at $115 million for the period 1952-1972.

(2) The program includes funds to reimburse the Department of Labor for employee compensation payments made due to injury or death of employees under the jurisdiction of the Bureau as required in Section 209 of P.L. 86-767.

Highlights of recent accomplishments:

(1) Industrial hygiene surveys were conducted at all installations for the five target health hazards. Training of employees in their rights and responsibilities for OSHA was completed. Training was conducted under the requirements of the Construction Safety Act and OSHA for 480 employees as required by the Department of Labor. A safety service contract was developed and initiated with the National American Indian Safety Council. This fiscal year 750 safety inspections have been completed.

(c) Facilities Management: F.Y. 1974, $43,680,000; F.Y. 1975, $52,202,000; increase $8,522,000. The increase consists of:

| Increase (+) or Decrease (-) | | Total | Total | |
|---|---|---|---|---|
| Amount | Positions | Program | Positions | Explanation |
| (1) $+ 400,000 | | | | Repair and maintenance of newly constructed buildings and utilities, and related costs. |
| (2) +1,500,000 | | | | Increased cost of labor, materials and services for repair and maintenance of buildings and utilities. |
| (3) +1,375,000 | | | | Increased cost of fuel, utilities, labor and services for operation of facilities. |
| (4) +5,247,000 | | | | Provision of space and facilities under P.L. 313, The Public Bldgs. Amendment Act of 1972. |
| $+8,522,000 | -111 | $52,202,000 | 1,770 | |

### Cost Factors Involved in Increases

(1) Approximately 400,000 square feet of newly constructed buildings and related utility systems will be placed into operation during Fiscal Year 1975 at a first year cost of about $1.00 per square foot.

(2) and (3) Cost indexes developed by Engineering News-Record indicates increased cost for the following:

| Element | % Increase 6/30/72 to 6/30/73 |
|---|---|
| Building Costs | + 7.6% |
| Common Labor | + 4.8% |
| Skilled Labor | + 3.9% |
| Materials | +16.1% |

Need for increase:

(1) The $400,000 is requested for repair and maintenance of newly constructed buildings and utilities. Our evaluation of new facilities maintenance needs, as well as data developed in the maintenance industry, indicates first year costs are from 75% to 90% greater than subsequent year requirements. New equipment and operating problems during the break-in period, require maintenance which is vital if the new facilities are to be placed into untroubled, useful service and if the Government's investment is to be protected.

(2) The $1,500,000 is requested for increased cost of labor, materials and services related to repair and maintenance of existing Bureau facilities. The program will provide a 60% level of repair and maintenance without furthering efforts to reduce the current backlog of major repair projects, currently estimated at approximately $25,000,000.

(3) The $1,375,000 requested for facilities operations will provide funds to meet a limited portion of the increased costs for basic services and supplies presently experienced throughout the nation.

(4) The $5,247,000 represents the funds required in Fiscal Year 1975 for space provided by GSA in GSA owned or leased facilities and for space leased directly by the Bureau of Indian Affairs under leasing authority granted by the GSA.

Program of work:

The repair and maintenance of buildings and utilities is a continuing program. The funds requested for this portion of the program will provide a minimum level of repair and maintenance of Bureau plant facilities located throughout the United States including Alaska. The Bureau operates and maintains approximately 8,550 individual buildings containing 28,900,000 square feet of floor area together with related utility systems to support facilities at 400 separate locations. Seventy-eight boarding schools, 19 dormitories and 121 day schools are among the facilities maintained and operated over an area stretching from Alaska to Florida. The average age of these facilities is in excess of forty years. Utilities operated and maintained at most agencies, which are frequently in a remote location, are equivalent to those of an average community and many are much more extensive due to central plants which provide electric power, hot water, steam, etc. In addition to normal operating requirements, these systems must be operated and maintained on an uninterrupted 24-hour basis to insure the health and safety of Indian school children and Bureau personnel.

The facilities operations portion of the program provides for the operation of utility systems to furnish necessary utilities and for operational services. The program includes the cost of personal services, material, supplies, vehicle operation, equipment replacement, upkeep of all tools and equipment used in furnishing utilities and operational services purchased from commercial or non-Bureau sources. Most of the Bureau's installations are in isolated locations, lacking the normal utilities and services usually available. This requires that the Bureau provide such essential utilities and services as electricity, water, sewage, janitorial, grounds care, heat, garbage and refuse disposal, etc. The facilities operations funds requested will provide an austere level of operation of Bureau facilities located throughout the United States including Alaska.

Public Law 91-313, "Public Building Amendments Act of 1972", requires that all agencies be charged for space and related services provided by GSA at approximate commercial charges for comparable space and services that may prevail as of July 1,1974. Cost rates are based on "standard level user charges" for various types of building space, e.g. office, storage, parking and special use categories on a square foot unit cost. The Bureau of Indian Affairs currently occupies 1,127,443 square feet of space in GSA controlled facilities and/or leased facilities and $5,247,000 represents the total funds required for this space.

Highlights of recent accomplishments:

(1) In Fiscal Year 1974 work continues on engineering performance standards and guides. Facilities Management manuals are being revised, plant facility inventories and useful life data have been updated.

(2) Facilities Management programs service 400 locations involving buildings and utilities. 78 boarding schools, 19 dormitories and 121 day schools are among the facilities operated and maintained over an area stretching from Alaska to Florida.

(3) During Fiscal Year 1974, plans will be developed for a "Total Rehabilitation Program" at selected Bureau locations. The "Total Rehabilitation Program" will incorporate repair and maintenance funds and major alterations and improvement construction funds, to place all of the facilities in good usable condition at one time. In this manner, repairs and renovations on an "as needed" basis will be held to a minimum and a preventative maintenance program will keep the facilities in a sound operational condition thereafter. Due to the advanced age of Bureau facilities, the present level of funding has provided a minimum repair and maintenance program and does not lend itself to a "Total Rehab Program" approach. Plans and estimates are now being prepared to pilot this program when funds become available.

ITEMIZATION OF ESTIMATE

Department of the Interior
Appropriation Title: Operation of Indian Programs

Bureau of Indian Affairs

| | Actual 1973 | Estimate 1974 | Estimate 1975 | Increase (+) Decrease (-) |
|---|---|---|---|---|
| Program and Financing: | | | | |
| Total obligations....... | $390,895,362 | $413,065,508 1/ | $453,807,000 | +$40,741,492 |
| Contract authorization 58 Stat. 266.......... | -1,500,000 | -1,500,000 | - | +1,500,000 |
| Applied to contract authorization 58 Stat. 266.................. | +271,192 | +793,492 | - | -793,492 |
| Unobligated balance lapsing............... | 8,456,446 | - | - | - |
| Appropriation............ | 398,123,000 | 412,359,000 1/ | 453,807,000 | +41,448,000 |
| Obligations by Objects: | | | | |
| 11 Personnel compensation...... | 160,083,824 | 176,132,000 | 162,240,000 | -13,892,000 |
| 12 Personnel benefits.......... | 15,981,513 | 17,560,000 | 16,235,000 | -1,325,000 |
| 21 Travel and transportation of persons. | 9,854,212 | 9,900,000 | 10,000,000 | +100,000 |
| 22 Transportation of things............ | 3,707,865 | 4,000,000 | 5,000,000 | +1,000,000 |
| 23 Rent, communications and utilities..... | 8,114,847 | 9,000,000 | 14,769,000 | +5,769,000 |
| 24 Printing and reproduction...... | 547,554 | 750,000 | 950,000 | +200,000 |
| 25 Other services...... | 99,492,749 | 95,492,000 | 126,981,000 | +31,489,000 |
| 26 Supplies and materials......... | 29,124,101 | 30,999,508 | 35,500,000 | +4,500,492 |
| 31 Equipment........... | 4,467,819 | 5,000,000 | 5,000,000 | - |
| 32 Lands and structures........ | 435,066 | 300,000 | 300,000 | - |
| 41 Grants, subsidies, and contributions. | 62,193,428 | 67,100,000 | 80,000,000 | +12,900,000 |
| 42 Insurance claims and indemnities... | 38,266 | - | - | - |
| Subtotal...... | 394,041,244 | 416,233,508 | 456,975,000 | +40,741,492 |
| Deduct quarters and subsistence charges..... | -3,145,882 | -3,168,000 | -3,168,000 | - |
| Total Obligations....... | 390,895,362 | 413,065,508 | 453,807,000 | +40,741,492 |

1/ Includes $15,338,000 proposed pay cost supplemental.

## PERSONNEL SUMMARY

### Operation of Indian Programs

| | 1973 Actual | 1974 Estimate | 1975 Estimate |
|---|---|---|---|
| Total number of permanent positions...................... | 14,575 | 14,173 | 13,002 |
| Full-time equivalent of other positions...................... | 1,954 | 1,967 | 1,950 |
| Average number of all employees. | 14,173 | 14,349 | 13,173 |
| Average GS grade................ | 7.6 | 7.6 | 7.6 |
| Average GS salary............... | 12,042 | 12,660 | 12,787 |
| Average salary of ungraded positions...................... | 9,535 | 10,155 | 10,815 |

Mrs. Hansen. The committee will adjourn until 1 p.m.

### AFTERNOON SESSION

### BUDGET INCREASE

Mr. Commissioner is the increase in the budget proportional to the increase in population?

You know sometimes it is very easy to point out that we have increased the budget by *x* number of dollars and it would appear to be substantial. Then you see that we have 543,000 Indians living on reservations and nearby, 34,000 Aleuts and Eskimos, and a total in the United States of 827,108 Indian people.

Mr. Thompson. Madam Chairman, I don't believe we have taken the increase in number of people and said a proportional increase in budget could match up item for item. Obviously, as the urban Indian centers grow, obviously the increases do not reflect that growth.

I don't believe the growth factors are the only determinant in our increase.

Mrs. Hansen. I couldn't agree with you more.

Some people will refer to the big increase for the Indians.

At the same time, you must remember you have an increased population. I think it is well to look at the two together. That is what I am trying to highlight.

Mr. Thompson. In certain items, for example, the Indian community is racing pell-mell from a budget point of view to just catch up and the increases that have been reflected over the years are meeting past needs, growing needs, and unmet needs.

### FUNDS FOR MANAGEMENT OF EDUCATION FACILITIES

Mrs. Hansen. Do the funds in your operation of Indian programs, under general management and facilities include education expense?

Mr. Thompson. The answer to that is no.

Mrs. Hansen. Why?

Mr. Thompson. The Bureau, of course, with its many outreach programs, and the many educational facilities we operate, we charge—for the management functions we charge in various ways. In some cases there is a management charge.

In local areas, for example, at the reservation school level, educational personnel is charged to the program so it depends on whether you are down on the reservation or in the central office. The accounting is somewhat different.

Mr. Sykes. May I say within that account you just referred to there is a very large amount in there for what we call plant operations. This is one of the changes we made this year. That plant operations is 90 percent or more for the operation of schools. It used to appear as an account under education. We have moved it, the facility operations, into an account and we will speak to that later.

Mrs. Hansen. Is that the reason for the decrease of $2,943,000 in school operations?

Mr. Sykes. Yes, ma'am.

Mrs. Hansen. That was transferred to plant operations ?

Mr. Sykes. Yes, ma'am.

## COMPONENTS OF EDUCATION INCREASE

Mrs. **Hansen**. You are requesting an increase of $8,662,000 for school operations. This is for the operating funds for the Indian education program. It also provides for program improvements in school operations.

Do you want to review for us the component parts of what is inflation and what is actually extending educational opportunities?

Mr. **Thompson**. I will defer to Jack Sykes and ask him to expand on that.

Mr. **Sykes**. Dr. Benham is our educational expert.

Mrs. **Hansen**. The reason I asked, we are trying to improve our schools. As you are aware, there is a great deficiency in your library programs in your Federal schools. There is a deficiency in many of the materials.

Dr. **Benham**. The $3,862,000 is requested to offset this cost-of-living advance. Food has risen approximately 15 percent, resulting in an increased cost of $1,500,000. The increase of $4,800,000 is requested to remove the program deficiencies and provide improvements throughout educational programs.

An illustration is given in library books, clothing, et cetera.

Mrs. **Hansen**. I notice also $5 per year per student is provided for clothing and personal effects. I am aware the Navajo tribes used to provide the clothing for their youngsters, but I don't know how $5 a year would keep anybody in clothing.

Mr. **Thompson**. The Navajos have the continuing program going on today I believe at Intermountain of providing——

Mrs. **Hansen**. For those tribes which are too poor, what do you plan as a substitute figure instead of $5?

Dr. **Benham**. Indeed, this is one of the things we hope to improve with these funds, Mrs. Hansen. The way it will work will be in terms of local priorities.

As an illustration, the group working on Navajo would have this less as of a priority than a group somewhere else where they don't have this kind of resource available. It was not in the local determination of need that this will be utilized.

## WORK-LEARN PROGRAM

Mrs. **Hansen**. This is a problem of the Indian child. It is an inability to feel equality. This was one reason for the beginning of the so-called work-learn program. I was convinced in talking to youngsters who, for example, transferred from a reservation school to a public high school, or those children who dropped out of school that this program would be of assistance to them. When some of these children went to public school they did not have the same ability to be a human being, so to speak, with money in their pocket. If they needed tennis shoes, they may not have had the money.

You provide in your boarding schools food and other items, but there isn't the feeling that they really have any pocket money or any of the things that are kind of meaningful to teenage youngsters, particularly.

I just hope some effort will be made to give them that sense of personal dignity they really need.

Mr. THOMPSON. I think the Bureau is very appreciative, Madam Chairman, of the efforts you put into that program. I understand things are off and running in quite a few reservations throughout the country.

Mrs. HANSEN. I hope we finally get to the place where we can have it nationwide. The first thing that happens is, the youngster has been able to earn some money. He had an opportunity to earn it.

The second thing, they have made a major contribution to the reservations themselves.

The third thing is, in most instances they run their own program. They learn when they are very young to handle the management. In fact, I will quote from one reservation where I visited with the young people. I said, what part does the tribal council have and they said, "Nothing until we have made all the arrangements. We don't want them spending our money."

They did a very efficient job.

This $5 figure is akin to the allowance that you give a youngster in your own family to teach him personal responsibility in spending. Someplace along the line we have to meet that challenge.

### PREKINDERGARTEN PILOT PROGRAM

You have a pilot program for prekindergarten children at two locations. Where are those two locations?

Mr. THOMPSON. Choctaw and Acoma.

Mrs. HANSEN. Do you anticipate any troubles in getting them started?

Dr. BENHAM. No, ma'am. As a matter of fact, the Choctaw program is just getting underway and the contract was completed last week with the Acoma people I believe, and it is that close to being on its way.

### ALASKA SCHOOL PROGRAM

Mrs. HANSEN. In the justifications you discuss a comprehensive program on education in Alaska. How many schools are operational in Alaska at the present time?

Mr. THOMPSON. Madam Chairman, if I may give a bit of background, as you know initially the committee, I believe in 1968, allocated $9.3 or $9.8 million to upgrade the Mt. Edgecumbe Boarding School. The Native community in the State of Alaska, most of the native leadership thought at that time there could be wiser and better use of the money to then go into the area school concept where, instead of one boarding school, they proposed to move back to Fairbanks.

Mrs. HANSEN. I hadn't seen Mount Edgecumbe and when I saw it I decided this was no place to spend the funds.

Mr. THOMPSON. The theory was to move to places like Bethel, Nome, Kodiak, Fairbanks, and a couple of others, predominantly native communities with high native-nonnative ratio.

Subsequent to that, the State, over the last year or two, has taken an increased interest, from the funding point of view, in Indian education and floated a $16 million bond issue to build now. Based on those facilities—most are in place. Bethel is open and operating, Nome is open and operating, Kodiak is open and operating. Excuse me. They are open and physically constructed.

The State, with some additional moneys appropriated out of State coffers, were building I think 10 regional schools. Now, the State is moving to this next level down, called area schools and are constructing, I believe, 10 facilities. These would be primarily in larger village communities, like Hooper Bay, Alakanuk, communities like that. So there have been two or three efforts going forward to move from a central school to a regional school.

It is now culminating in an area school concept. I guess the next effort is a local school. That seems to be the progression over the years.

**Mrs. Hansen.** In what time frame will you have all your youngsters in school in Alaska?

**Mr. Thompson.** I believe the target figure now, Madam Chairman, is within a year or two. Just sophomores and juniors now are going to Chemawa and it is the only out of State placement that currently goes on at the secondary level.

### NAVAJO LANGUAGE PILOT PROGRAM

**Mrs. Hansen.** You have a pilot project on learning in Navajo first rather than English. How successful is that project?

**Mr. Thompson.** I will defer to Mr. Benham on that.

**Dr. Benham.** There are a couple of pilot projects. This pilot project has a couple of parts. At Sanostee and Toadlena there is a teacher training program in Navajo and bilingual education. It is currently in operation at these two schools in grades kindergarten through three, with 164 students and 7 classes. The staff consists of three professionals and 15 student teachers, and 7 of the student teachers will be ready to teach in the Bureau of Indian Affairs by this September. There is some help for this from the title VII funding, and primary leaders have been developed for this particular part of it in cooperation with the University of New Mexico Navajo reading study. What the project is doing also is translating English language materials into Navajo for use in the classroom.

The other part of the project is a bilingual bicultural program at Greasewood, Pinon and Cottonwood schools on the Navajo. They refer the Navajo reading and writing instead of English. The project is in kindergarten through three.

The permanent staff of the schools involved run this program. There are two aspects of it.

**Mrs. Hansen.** How long do you pursue the Navajo language? Does it go throughout the school years or is it just part of the original early training?

**Dr. Benham.** It is two ways. Historically, as youngsters came to these kinds of schools, there was a deemphasis on the native language. Part of it is attitudinal in terms of encouraging youngsters to learn all they can about their language, and in terms of providing formal instruction, say for the first three grades or first four grades, as planned this pilot project will learn as it matures, it is a matter of attitude and it is a matter of emphasis.

One of the interesting things I am going to be watching closely on this second part of the project I mentioned is testing of the hypothesis that youngsters can learn to read better, to translate symbols, and to learn what the symbols mean. Then, learn to read in English better as a consequence of it. I think it can have some real implications.

Mr. THOMPSON. Madam Chairman, I believe the theory is to move in predominantly in Navajo in the first year with some limited English; the second year, less Navajo, more English; the third year, more English than Navajo until you phase out in 3 or 4 years. That is the approach.

Mr. McKAY. Are these interns all Indian people or are they mixed?

Dr. BENHAM. They are Navajo.

Mrs. HANSEN. The committee will be interested in the progress of this project. One of the problems you have had, as you are well aware, is that when your youngsters finish or transferred to public schools they had some difficulties in the public schools or in the colleges. So the committee will be very interested in the results of the program.

### PROGRAM AT MEXICAN HAT

Mr. McKAY. The program you have going in Mexican Hat, which rather excited me, had some problem with people learning because of the Navajo, the bilingual problem. Now they have pulled in a Navajo who has gone out into the building trades—he is not a trained teacher, but they are learning great things from him because he knows the skills, and with a translatable skill, even though he is not a certified teacher it looks to me like he is making great strides and I think it is great to get these guys in where they can make the translation. Otherwise they fall apart and it doesn't make sense when it is translated totally.

Dr. BENHAM. One other thing I would mention in passing while we are talking about that particular area, is that there is an intensive Navajo Area language-arts project which attempts to give attention to the English language-arts aspect of the curriculum. I think it is doing some really good things. This is just part of the ongoing activities at every school. It is not just a pilot project.

You will find this kind of attention being given to the needs throughout.

[Recess.]

Mrs. HANSEN. I have received a letter from Eric Bromberg, whom many of you know in the Bureau. He wants to know what happened to the report on the BIA school library situation.

Mr. WILES. Madam Chairman, I believe I will have to get a report on that. I will have to run that down for you.

[The information follows:]

In general, the Bureau acknowledges that its libraries are not up to national standards and do suffer from various inadequacies as indicated in the Bromberg report. There have been improvements in the past few years, particularly in the provision of materials related to Indian history, culture and heritage. It should be mentioned that the Bureau has greatly improved the library services in the small villages of the Bethel Agency by the establishment of an airbookmobile service to the 34 villages from a central library in Bethel. Thus, all the villages enjoy the benefits of a well-supplied library.

The report by Mr. Bromberg has been reviewed by the BIA and implementations have been and will be made where possible. Basically, the library needs must compete with other educational requirements and priorities.

### JOHNSON-O'MALLEY PROGRAM

Mrs. HANSEN. Last year, if you will recall, there was some discussion of the Johnson-O'Malley program.

I believe Congressman Veysey raised the point that the allocation within the Johnson-O'Malley structure itself was not equitable.

What have you done to improve that allocation? Have you made any changes?

Dr. BENHAM. I have taken the opportunity, Mrs. Hansen, to read last year's hearing record. He talked at some length about this in terms of California, which was given as a particular illustration. As was brought out last year, the present intent of the Johnson-O'Malley funding is to make up for the tax loss because of Indians living on nontaxable lands within school districts.

We are serving, as you pointed out in the beginning, the reservation-based Indians as clientele.

This did not fall within this purview though it is subject to the issue Mr. Thompson spoke of, the interpretation of the court case being looked at right now. The Johnson-O'Malley regulations themselves have been under review and we are receiving many comments. That is pretty much how it stands at the present time. We are still operating under the policy we did follow.

Mrs. HANSEN. Mr. Wiles, we will delegate to you the responsibility to make sure the Bureau follows through on this review.

Mr. WILES. Yes, ma'am.

### CAREER DEVELOPMENT PROGRAM

Mrs. HANSEN. You are requesting an increase of $8,061,000 for career development. The concept presented is somewhat different than has been used in the Bureau of Indian Affairs in the past. Before there has been some fragmentation of things that might be considered career development in terms of budgetary presentations.

For the first time an attempt is being made to bring these items together in one organization structure. That is college scholarships, adult education services, and very significantly, the adult vocational training services.

The increase in college scholarship training funds, as noted, is to meet the cost-of-living increases, to take care of your 13,500 students.

The increase for adult education is for the establishment of more learning centers and to provide adult training services for an additional 130 trainees.

Last year you granted 13,558 scholarships. Did you make provisions for any additional scholarships this year?

Mr. WILES. This is for 14,700.

Mrs. HANSEN. Please insert in the record at this point the number of scholarships granted from 1960 through 1974. There has been a very dramatic increase, as you are well aware.

Also provide the same information on the participants in your adult education program.

Mr. THOMPSON. We will be pleased to supply that.

[The information follows:]

Bureau of Indian Affairs
BRANCH OF HIGHER EDUCATION
Number of Indian Students Under Grant Sponsorship From FY 1960 to FY 1974

| | 1960 | 1961 | 1962 | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 | 1969 | 1970 | 1971 | 1972 | 1973 | Est. 1974 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ABERDEEN | 132 | 135 | 132 | 139 | 152 | 202 | 233 | 270 | 285 | 412 | 413 | 682 | 1,610 | 1,852 | 1,580 |
| ALBUQUERQUE | | | | | | | | | | | 305 | 540 | 564 | 746 | 919 |
| ANADARKO | 63 | 77 | 79 | 153 | 210 | 242 | 276 | 326 | 331 | 445 | 454 | 603 | 1,033 | 1,156 | 1,683 |
| BILLINGS | 34 | 30 | 39 | 60 | 64 | 110 | 92 | 116 | 153 | 174 | 248 | 445 | 823 | 932 | 1,089 |
| JUNEAU | 63 | 78 | 101 | 109 | 102 | 107 | 138 | 107 | 138 | 217 | 354 | 598 | 963 | 1,197 | 1,560 |
| MINNEAPOLIS | 36 | 34 | 47 | 58 | 106 | 121 | 115 | 123 | 127 | 236 | 277 | 498 | 1,397 | 1,536 | 1,350 |
| MUSKOGEE | 102 | 82 | 110 | 188 | 300 | 438 | 630 | 673 | 780 | 962 | 1,171 | 1,074 | 1,542 | 1,826 | 2,500 |
| NAVAJO | 92* | 97* | 161* | 123* | 169* | 202* | 213* | 353* | 397* | 526* | 260 | 767 | 1,732 | 1,451 | 2,300 |
| PHOENIX | 68 | 56 | 68 | 79 | 138 | 205 | 226 | 287 | 279 | 420 | 468 | 613 | 926 | 886 | 1,100 |
| PORTLAND | 15 | 20 | 37 | 48 | 78 | 82 | 81 | 94 | 117 | 192 | 239 | 469 | 797 | 907 | 1,568 |
| SACRAMENTO | (Under Phoenix Area service jurisdiction until 1970) | | | | | | | | | | 54 | 289 | 543 | 504 | 1,183 |
| SOUTHEAST | | | | | | | | | | | | | | | |
| Cherokee | 7 | 10 | 4 | 5 | 6 | 6 | 3 | 4 | 6 | 12 | 17 | 29 | 40 | 52 | 60 |
| Choctaw | | | | | | | | | | | | | 29 | 33 | 41 |
| Seminole | | 4 | 1 | 2 | 1 | 4 | 2 | 6 | 6 | 9 | 11 | 16 | 15 | 17 | 23 |
| Miccosukee | | | | | | | | | | | | | 2 | 2 | 5 |
| NEW YORK | | | | | | | | | | | | | 85 | 117 | 160 |
| SPECIAL PROGRAMS | | | | | | | | | | | | | 337 | 344 | 350 |
| TOTAL | 612 | 623 | 779 | 964 | 1,326 | 1,719 | 2,009 | 2,359 | 2,619 | 3,605 | 4,271 | 6,623 | 12,438 | 13,558 | 17,471 |

*Until 1969, Albuquerque and Navajo Areas were under the Gallup Area Office service jurisdiction.

ADULT EDUCATION—DATA PREVIOUS YEARS

| | Numbers enrolled | GED's obtained | Obtained employment [1] |
|---|---|---|---|
| 1968 | (2) | 150 | (2) |
| 1969 | (2) | 300 | (2) |
| 1970 | 7,000 | 736 | (2) |
| 1971 | 9,517 | 893 | 172 |
| 1972 [3] | 7,830 | 677 | 619 |
| 1973 [3] | 10,899 | 1,255 | 852 |

[1] Obtained employment, promoted or entered college via adult education program.
[2] No record.
[3] Reporting procedures changed to more accurately reflect field activities.

Note: No records prior to 1968.

Dr. BENHAM. Madam Chairman, this last year—it has been suggested in past years by the committee—an evaluation was made of the higher education program which does show that American Indians are taking increasing advantage of their great opportunity; not for the record, but for the committee, I think this would be appreciated.

### FUNDING LEVELS IN EDUCATION

Mrs. HANSEN. I notice you propose to fund the American Indian law program at exactly the same level as last year. Is that because of a lack of participation?

Dr. BENHAM. The program is felt to be a very fine one. The endeavor being made here is to continue the program at its present level, yet to do all we can to make other funds available to youngsters who are at the undergraduate level.

Mrs. HANSEN. Are you still continuing the scholarships to the Navajo College?

Dr. BENHAM. Yes.

Mr. MCKAY. Isn't that, in fact, a net reduction in the funds programed for that for this next year where you haven't accounted for any inflation?

Mrs. HANSEN. It is when you consider a 10-percent inflation factor.

Dr. BENHAM. Yes.

Mrs. HANSEN. Last year you requested a supplemental for additional funding to cover tuition costs. Will you do the same thing this year?

I would rather meet this all head on in one budget.

Mr. THOMPSON. We are hopeful the amounts we are requesting for increase, which is approximately $7 million here, and with the report that we recently received on the higher scholarships, and hopefully some better management techniques and some, I might add, some additional meetings with the Office of Education, with the financial aides people at most universities, that we would be able to meet the increased number of students going to college through this appropriation.

We are making, I might add, some inroads in meeting with the Office of Education and financial aides people at the university level to be sure that Bureau moneys are used after other types of moneys such as those contributed by the Office of Education and other people have been expended.

### ENTRANCE PATTERNS IN HIGHER EDUCATION

Dr. BENHAM. Mrs. Hansen, as much as I would like to sit here and say yes; it is absolutely true, I just can't give you this kind of a response and I would like to expand on that for just a moment here.

We endeavor to base the information on projecting needs which are taken from information we get from areas, agencies, and tribes. We project the number of expected applicants. We found through the evaluation survey that I referred to, that Indian students do not follow the normal pattern of non-Indian students of college entrance following immediately after high school graduation. Meaning, more older Indians who have been out of high school for some time are now deciding to seek a college education which makes accuracy in projection of anticipated applicants more difficult.

Another complicating factor, as the Commissioner pointed out so well, is the uncertainty of the other resources.

Mrs. HANSEN. Do those people going on to college immediately out of high school do better than those who have been out and then go back of their own volition?

Dr. BENHAM. It varies with individual cases. In the study, I did not deal with this specifically. It just dealt with the fact that they were going, but many of the people who have been in the service or who have been out in the world come back highly motivated in terms of the college endeavors in which they engage.

I say this based not on a scientific study, but just on comments I have heard from college officials and others. Of course, that is a generalization.

### COLLEGE COUNSELING FUNDS

Mrs. HANSEN. Last year the committee added some counseling money because we had testimony from the young people who appeared before us that they felt they would have done a better job in adjusting to a college if there had been someone they could talk to, someone who could advise them. Did you spend that money? What are the results?

Dr. BENHAM. Yes; the money was used, and we described the philosophy embodied in it in a memorandum to the field in asking for their proposals. This is how it was used. Fourteen projects have been funded in amounts ranging from a minimum of $5,000 to a maximum of $10,000. Eleven of these projects provide special counseling services to Indian students at individual colleges and universities.

Three of the projects are operated out of a program where they serve more than one college and university. They serve several. So the entire amount, $100,000, was expended on these 14 counseling projects. We don't have the results yet, although it is interesting to note in the study I earlier referred to, the students said the same thing. They want somebody they can go to and identify with.

We are very, very optimistic as to the results of it.

Mrs. HANSEN. We had hoped to have some results because undoubtedly we will have repeated requests this year. On what basis did you select your colleges? Was it the proportionate number of Indian students attending those institutions?

Dr. Benham. That was a factor as well as the proposal. We have this many youngsters; we plan to do this with the money. Well thought out proposals receive greater consideration.

Mrs. Hansen. When you have a sizable number of young people going, for example, from one of your boarding schools into various colleges, do you have any orientation program with these students prior to going to the college so that they have some handle on it before they get there?

Even for young people in small towns being placed into a university or college, it is quite an experience.

Dr. Benham. This is part of the thrust that we hope to give on a greater basis with the career development program.

You will recall on Navajo, we did have this kind of work with youngsters as well as some colleges like Arizona State and Fort Lewis College, where they had a precollege session where they learned the pitfalls of college and the things that you have to do to succeed in college and so on.

It is our hope we will be able to deal with this more in terms of all of the opportunities available to youngsters in the career counseling program.

Mrs. Hansen. Suppose there is a young person going from the Makah Reservation. They have graduated from a public high school. They live on the reservation. All of a sudden they are going to be placed into the University of Washington, which is a very large institution of higher learning. What assistance are they given?

Mr. Thompson. Madam Chairman, there are several types of programs OE operates. The Upward Bound program was designed around rural disadvantaged students entering a competitive college situation.

We have found where we can put them in a nonthreatening environment, when the college is not over-populated——

Mrs. Hansen. In other words, you suggest a community college?

Mr. Thompson. You can have that approach, as well as bringing them into the college prior to the start of the school year and taking special courses during the summer months and generally getting familiar with college life. I think this is the main purpose behind the Upward Bound program that has proved rather successful.

### COLLEGE GRADUATES RETURNING TO RESERVATION

Mrs. Hansen. What portion of your college graduates going to college on scholarship are coming back into the Indian community and lending their educational training to the reservation?

Mr. Thompson. I don't know that we have an accurate figure for that, but I think just in reflection from a personal basis, most of the young people who have gone through college are affiliated with some national organization pertaining directly to the Indian community. For example, I am thinking, American Indian lawyers training program, the Native American Rights Fund, which draws on many Indian people but I don't believe that we have statistics to show you how many Indian college graduates have actually gone back to the reservation level.

Mrs. HANSEN. You would be surprised how many people ask that question. How many of the Indians come back to participate in Indian community programs or come back as teachers, lawyers, engineers, et cetera.

Mr. THOMPSON. Probably the program with the greatest amount of history of people getting college graduates is that one of education. The percentage of Indian people who have received a college education has increased over the years. For example, some of the professions don't lend themselves directly to going back home. Many of the tribes really don't have the need for a reservation-based attorney and don't have the resources to support him, so they move into the urban areas and take on clients from a multitude of tribes and live in Washington where they can be of greater service rather than staying on the reservation.

### OFF-RESERVATION EMPLOYMENT SITUATION

Mrs. HANSEN. In the past year about 11,000 Indian adults participated in BIA-funded adult education activities, 1,200 obtained high school equivalencies, some 325 unemployed were hired, 150 currently employed were promoted, 200 entered college, and 200 entered other full-time education programs. How many are unemployed?

Mr. THOMPSON. Do we have that information?

Dr. BENHAM. We don't have.

Mrs. HANSEN. The 7,609 individuals were assisted directly through adult vocational training services. Of the total number, 2,512 completed training and entered the tribal manpower resources. How many of those are unemployed?

Mr. ROBERSON. We haven't the figures on that.

Mrs. HANSEN. Many of the training programs in the United States train people for jobs which are nonexistent. Particularly now because it is a continuing process to keep your vocational training consistent with the job opportunities.

Maybe part of your urban problems are part of this and you have no idea?

Mr. THOMPSON. I would venture to say in many, many instances that would be the case. I have had some direct experience of a very popular program—for example, in the early sixties, a very popular program was to become an electronics technician. There were some highly touted successes and you had a graduate flood of people going down to Los Angeles where then the west coast was the electronics mecca at the time we were trying to get a man on the moon. It was very lucrative to get into that particular field.

Mrs. HANSEN. Now it is just the opposite.

Mr. THOMPSON. That is right.

Mrs. HANSEN. Do you follow up to make sure these people are not your unemployed and your welfare cases? This gets right to the heart of the problem.

Mr. THOMPSON. I don't know whether that would be the heart. Hopefully, when one particular industry or one phase of industry changes, they go on to do other things possibly in other areas. But how many of the American Indians stayed behind and were caught in the crunch, I don't know that we could get statistics on it.

Mr. McKAY. Do you have any who have gone back to reservations and let their trade go?

Mr. THOMPSON. I am sure the answer to that would be definitely yes.

Mr. McKAY. Could you get some figures to show that?

[The information follows:]

**In 1968 a follow-up study was made of the 1966 recipients of the Direct Employment Services. The report indicated that approximately 12 percent of those participating returned to the reservations.**

Mr. THOMPSON. We could certainly make an attempt, Congressman McKay, and we will certainly endeavor to do so.

Mrs. HANSEN. This is a very perplexing problem, even among sophisticated elements of society. Suppose you have worked on the assembly line at one of the big automobile plants for a number of years, and then all of a sudden they are not building so many cars in X plant, and you are laid off. Then what kind of retraining or work is available? What kind of counseling service do you offer to those who suddenly find themselves in this position?

Mr. THOMPSON. That certainly is perplexing. I am recalling exactly the activities that went on out West, particularly when the space program kind of faded out. You had very complicated technically narrowly trained technical people, who suddenly had to find a different lifestyle, because that particular single need was not needed in the electronics or engineering industry. Generally we are very, very hard pressed to be replaced in the economy. How that affects the Indian community I don't know, but I am sure there are some similarities there.

Mrs. HANSEN. I can remember hearing 6 or 8 years ago that there was a lot of training for other sophisticated jobs, as you mentioned, in the electronics. We warned the Secretary and the BIA at that time that one of the things that could result would be another urban ghetto. It seems to me that some of these answers have to be found by yourselves in the months and years ahead, particularly as we reach a greater crunch in employment in all phases of the economy.

Dr. BENHAM. This has very vital implications for the kind of high school training given too, in terms of career education providing a broad general background, with great attention to the skills that enable one to succeed in a number of specialities, rather than a narrow focus on specialties.

### TRIBES PARTICIPATING IN WORK-LEARN PROGRAM

Mrs. HANSEN. How many tribes are participating in the work-learn program?

Mr. RAYMOND BUTLER. Madam Chairman, I will have to supply for the record the total number.

Mrs. HANSEN. You know better than to appear and not have the answers.

Mr. RAYMOND BUTLER. But we have in western Washington the Quinaults participating, Burns community in Warm Springs.

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Mrs. HANSEN. I know who is participating in my own State. I want to know what the participating is around the country.

[The information follows:]

*Youth work-learn program—distribution by tribes fiscal year 1974*

| | |
|---|---|
| Aberdeen area | $95,000 |
| Nebraska: | |
| Omaha Tribe of Nebraska | 2,200 |
| Santee Sioux Tribe of Nebraska | 1,000 |
| Winnebago Tribe of Nebraska | 1,300 |
| North Dakota: | |
| Devils Lake Sioux | 5,000 |
| Three Affiliated Tribes of Fort Berthold | 10,000 |
| Turtle Mountain Band of Chippewa | 10,000 |
| South Dakota: | |
| Cheyenne River Sioux Tribe | 15,000 |
| Crow Creek Sioux Tribe | 1,500 |
| Flandreau Santee-Sioux Tribe | 1,500 |
| Lower Brule Sioux Tribe | 1,500 |
| Oglala Sioux Tribe | 20,000 |
| Rosebud Sioux Tribe | 9,000 |
| Sisseton-Wahpeton Sioux Tribe | 4,000 |
| Standing Rock Sioux Tribe | 10,000 |
| Yankton Sioux Tribe of Indians | 3,000 |
| Albuquerque area | $26,000 |
| Colorado: | |
| Southern Ute Tribe | 875 |
| Ute Mountain Ute | 875 |
| New Mexico: | |
| Northern Pueblos: | |
| Nambe Pueblo | 875 |
| Picuris Pueblo | 875 |
| Pojoaque Pueblo | 875 |
| San Ildefonso Pueblo | 875 |
| San Juan Pueblo | 875 |
| Santa Clara Pueblo | 875 |
| Taos Pueblo | 875 |
| Tesuque Pueblo | 875 |
| Southern Pueblos: | |
| Acoma Pueblo | 875 |
| Cochiti Pueblo | 875 |
| Isleta Pueblo | 875 |
| Jemez Pueblo | 875 |
| Laguna Pueblo | 875 |
| San Felipe Pueblo | 875 |
| Sandia Pueblo | 875 |
| Santa Ana Pueblo | 875 |
| Santa Domingo Pueblo | 875 |
| Zia Pueblo | 875 |
| Apache Tribe of the Mescalero Reservation | 875 |
| Jicarilla Apache Tribe | 875 |
| Navajo Tribe (Ramah Navajo) | 875 |
| Zuni Pueblo | 875 |
| To be distributed for summer youth work learn program | 5,000 |
| Anadarko area | 27,000 |
| Oklahoma: | |
| Tonkawa Tribe of Indians of Oklahoma | 22,000 |
| To be distributed for summer youth work, learn program | 5,000 |

*Youth work-learn program—distribution by tribes fiscal year 1974*—Continued

| | |
|---|---|
| Billings area | $45,000 |
| Montana: | |
| Assiniboine and Sioux Tribes (Ft. Peck) | 2,000 |
| Blackfeet Tribe | 4,000 |
| Chippewa Cree Tribe (Rocky Boy's) | 1,000 |
| Crow Tribe | 2,000 |
| Fort Belknap Indian community | 2,000 |
| Northern Cheyenne Tribe | 4,000 |
| Wyoming: | |
| Northern Arapahoe Tribe | 1,500 |
| Shoshone Tribe | 1,500 |
| To be distributed for summer youth work learn program | 27,000 |
| Juneau area | 50,000 |
| To be distributed for summer youth work learn program. Selected Alaskan Native villages will be reported to Washington office no later than May 1, 1974. | |
| Minneapolis area | 25,000 |
| Michigan: | |
| Hannahville Indian Community | 300 |
| Saginaw Chippewa Indian Tribe (Isabella Reservation) | 300 |
| Minnesota: | |
| Red Lake Band of Chippewa Indians | 3,000 |
| Minnesota Chippewa Tribe | 3,000 |
| Boise Forte Band (Nett Lake) | |
| Fond du Lac Band | |
| Grand Portage Band | |
| Leech Lake Band | |
| Mille Lac Band | |
| White Earth Band | |
| Wisconsin: | |
| Bad River Band of the Lake Superior Tribe of Chippewa Indians of Wisconsin | 300 |
| Lac Courte Oreilles Band of Lake Superior Chippewa Indians | 300 |
| Lac du Flambeau Band of Lake Superior Chippewa Indians | 300 |
| Oneida Tribe of Indians of Wisconsin | 300 |
| Red Cliff Band of Lake Superior Chippewa Indians | 300 |
| Saint Croix Chippewa Indians of Wisconsin | 300 |
| Sokaogan Chippewa Community (Mole Lake) | 300 |
| Wisconsin Winnebago Tribe | 300 |
| To be distributed for summer youth work-learn program | 16,000 |
| Muskogee area | 25,000 |
| Oklahoma: | |
| Cherokee Nation of Oklahoma | 1,100 |
| Chickasaw Nation of Oklahoma | 500 |
| Choctaw Nation of Oklahoma | 600 |
| Creek Nation of Oklahoma | 600 |
| Osage Tribe | 600 |
| Seminole Nation of Oklahoma | 500 |
| Eight tribes intertribal council of northeast Oklahoma | 1,100 |
| Delaware Tribe (Eastern Oklahoma) | |
| Eastern Shawnee Tribe of Oklahoma | |
| Miami Tribe of Oklahoma | |
| Ottawa Tribe of Oklahoma | |
| Peoria Tribe of Indians of Oklahoma | |
| Quapaw Tribe of Indians | |
| Seneca-Cayuga Tribe of Oklahoma | |
| Wyandotte Tribe of Oklahoma | |
| To be distributed for summer youth work-learn program | 20,000 |

*Youth work-learn program—distribution by tribes fiscal year 1974*—Continued

| | |
|---|---|
| Phoenix area | $46,000 |
| Arizona: | |
| Cocopah Tribe | 825 |
| Colorado River Indian Tribes | 825 |
| Gila River Indian Community | 1,500 |
| Havasupai Tribe | 825 |
| Hopi Tribe | 7,100 |
| Hualapai Tribe | 825 |
| Papago Tribe | 5,700 |
| Phoenix Indian School Student Council | 2,000 |
| Salt River Pima-Maricopa Indian Community | 2,800 |
| San Carlos Apache Tribe | 5,200 |
| White Mountain Apache Tribe | 4,200 |
| Yavapai-Apache Indian Community | 825 |
| Yavapai-Prescott Community Association | 825 |
| California: | |
| Fort Mohave Tribe | 825 |
| Quechan Indian Tribe (Fort Yuma) | 825 |
| Sherman Indian High School Student Council | 2,000 |
| Nevada: Stewart Indian School Student Council | 6,600 |
| Utah: Ute Indian Tribe of Uintah and Ouray | 2,300 |
| Portland area | 111,000 |
| Idaho: Shoshone-Bannock Tribes (Fort Hall) | 7,000 |
| Oregon: Burns Paiute Indian Colony | 5,000 |
| Washington: | |
| Kalispel Indian Community | 10,000 |
| Makah Indian Tribe | 25,000 |
| Quinault Tribe | 50,000 |
| Spokane Tribe | 14,000 |
| Sacramento area | 25,000 |
| California: | |
| Central California: | |
| Cold Springs (Sycamore Valley Association) | 2,000 |
| Covelo Indian Community (Round Valley) | 1,500 |
| El-Em Indian Colony (Sulphur Bank) | 1,000 |
| Santa Rosa Indian Community | 1,000 |
| Susanville Indian Rancheria | 1,500 |
| Toulumne Band of Me-Wuk Indians | 1,200 |
| Tule River Indian Tribe | 800 |
| Central California Agency Reserve for distribution | 3,000 |
| Northern California: | |
| Hoopa Extension | 1,500 |
| Trinidad Community (Cher-ae Heights) | 2,500 |
| Resighini Rancheria | 2,500 |
| Southern California: | |
| La Jolla Band of Mission Indians | 1,000 |
| Los Coyotes Band of Mission Indians | 500 |
| Pauma Band of Mission Indians | 1,000 |
| San Manuel Band of Mission Indians | 1,000 |
| Santa Ysabel Band of Mission Indians | 1,000 |
| Soboba Band of Mission Indians | 1,000 |
| Torres-Martinez Band of Mission Indians | 1,000 |
| Eastern area | 25,000 |
| Mississippi: Choctaw Tribe of Mississippi | 5,000 |
| To be distributed for summer youth work-learn program | 20,000 |
| BIA total | 500,000 |

### AID TO TRIBAL GOVERNMENTS

Mrs. **Hansen**. You are requesting an increase of $2,133,000 for aid to tribal governments. What does this involve?

Mr. **Raymond Butler**. Yes. Of that, $146,000 is for increased expenses in the agricultural extension program, and $116,000 is for the comprehensive planning for the tribes.

Mrs. **Hansen**. Such as?

Mr. **Raymond Butler**. Such as in terms of planning total reservation development, zoning, land use. There are various utilities systems and so on.

Mrs. **Hansen**. How much tribal participation is there?

Mr. **Raymond Butler**. Of the present $1,045,000, there would be about $700,000 that is actually tribal participation.

Mrs. **Hansen**. So they are doing their own planning?

Mr. **Raymond Butler**. Yes; and in addition to that, the Billings area has a technical support unit that serves the tribes nationwide, so that the tribes would be directly benefiting from additional $200,000 plus.

Mrs. **Hansen**. Who are your outside planners?

Mr. **Thompson**. Are you referring to the Missouri River Basin?

### PLANNING EFFORT OF INDIAN TRIBES

Dr. **Benham**. These are Bureau planners that work in providing support services and planning to all of the tribes. Primarily, their present service area includes the Juneau area, the Portland area, Billings and Aberdeen area. They have done some planning work for the Navajo hospital.

Mrs. **Hansen**. Give the committee an illustration of a couple of examples of what your planning has achieved.

Mr. **Thompson**. We will be pleased to do that. That planning support group as it is now technically called was a group that was formerly with the Missouri River Basin studies. I might shed some light as to a couple of people on it. We have an economist who is well known.

Mrs. **Hansen**. I hope your economist is better than some of the other Government economists.

Mr. **Thompson**. He is excellent. We would be pleased to supply for the record some of the reports and some of the efforts they have put forward. Most of their work is very high caliber, and I am personally very pleased with it.

[Note: The information was supplied to the committee.]

Mrs. **Hansen**. What have you achieved in your land use planning?

Mr. **Thompson**. Some of the programs that have been undertaken directly is working with, for example, the northern Cheyennes, working with the Crows.

Mrs. **Hansen**. Have you settled that park problem on that road, with the Crows?

Mr. **Thompson**. I don't believe we have it fully settled but some of the work this particular group has done has been their environmental impact statements that as you know are becoming increasingly more difficult to administer. Those are some of the activities. I would like to ask Mr. Butler to add a couple.

Mr. R. **Butler**. Madam Chairman, particularly in relationship to the land program, I believe that we can give you very specific examples in respect to the Salt River group.

Mr. LaFollette Butler. The Salt River group has a land planning function that they have carried on with the help of some of this planning money, but also with the money that they got from 701. In this past year the Salt River group has won national recognition by the National Association of Planners for the work they have done on their reservation. As you know, Salt River is just outside of Phoenix. I think that would be one of the examples of land planning by the tribe, with the help of experts in the field.

Mrs. Hansen. I am intrigued by this because the Navajos did planning a long time ago on an irrigation project and we are still building the irrigation project. I think it is probably 20 years behind schedule. You also have the Lower Colorado River Indians as I remember. They did some planning for irrigation and increased power. The plans are great but there are no funds provided in the budget requests to ever meet these criteria. What do you propose to do if your planning is done and you don't get through to OMB? Mr. Wiles, have you got an answer to that?

Mr. Wiles. No; that is a difficult problem.

Mrs. Hansen. The committee is getting tired of planning and then nothing happens.

Mr. McKay. You get money for planning, but nothing for construction.

### POTENTIAL FOR PUBLIC WORKS ON RESERVATIONS

Mrs. Hansen. Many Indian schools and hospitals have been planned. Yet Arthur Burns the other day speaking before the full committee said that a public works program was useless in terms of meeting an economic recession because he said: "There are no plans ready."

Afterwards I went up to talk with him and I said considering that we have over $100 million worth of Indian hospitals, Indian schools, and Indian irrigation projects that need to be constructed, do you mean to tell me that these cannot be considered in the context of the larger meaning of public improvements?

Well, he said, "I will bet there are no plans ready."

I want to know what you actually do beyond developing plans.

Mr. LaFollette Butler. Mrs. Hansen, certainly you are correct about the inadequacies of the fund to carry out the plans, but I truly believe that the planning effort, land planning in particular, but comprehensive planning also on the part of tribes, has done more to make the tribe function as a community than anything which we have done for many years.

Mrs. Hansen. I agree; I think it is splendid, but I think the thing that adds to the disillusionment is the constant elimination of the dollar after they make plans in good faith, and they want to proceed, especially with the economic difficulties they have.

Mr. LaFollette Butler. It certainly is.

Mrs. Hansen. I remember when I was in the State legislature the highway department had many plans for roads they never built. It gave an awful lot of people a very frustrating feeling.

Year after year the Navajos appear before this committee for additional funds for their irrigation project. Their community is organized to proceed but it is a question of the OMB allowing the BIA to request the necessary funds. I don't blame Mr. Wiles.

Mr. Wiles. I believe Mr. O'Brian is here. If I am not right he can correct me. I think through this committee's great efforts and certainly through your great efforts if we do get the funds in the budget this year for the Navajo project that the first water will be delivered in time for the Bicentennial.

Mrs. Hansen. You have reservation after reservation that knows what they need. They have plans ready but someone unknown to the committee has decided the money can't be spent.

Mr. Wiles. But I believe the kinds of plans Mr. Butler is talking about, too, Mrs. Hansen, are helpful to the tribes in use of lands that they can do on their own.

Mrs. Hansen. I couldn't agree with you more. But you have so many plans and are not going anywhere with them.

Mr. LaFollette Butler. That is true.

### COMPREHENSIVE TRIBAL PLANNING

Mr. Thompson. I think with the comprehensive planning, particularly in Indian country today, although they may in some instances have not been used in the past, I suspect, however, in the mood the country is presently in that there is going to be a great push in resource development throughout America, and the Indian community sitting there with 100 million acres of land, 50 million here, 40 million in Alaska, is going to have a great need very rapidly to come up overnight with a lot of planning, and hopefully we may be able to dust off some of those things sitting on the shelf because there is going to be. I am convinced, as the lines get longer, a great move from East to West to start developing some of our own natural resources to meet the energy crisis that we have.

Mrs. Hansen. Let me give you an example of what I am talking about. Each year the Forest Service presents a budget on their grazing lands. Many of those grazing lands lie in New Mexico in some very poor areas. If you improved those grazing lands, you would do two things. You would not only increase the economy of some very poor Indian families, but you would also increase the production of food. What do you think happens? Year after year the funds requested for grazing are the same yet each year since I have been on the committee there has been a 10 percent inflation rate.

### SOCIAL SERVICES

You are requesting an increase of $3,443,000 for social services. The committee has been very interested in your social service program. I wonder if you could give us some highlights. I believe you said this morning, Mr. Thompson, that for the first time in many years your welfare load was the same. Is that correct?

Mr. Thompson. The figures that we have say there is going to be no increase in the numbers.

Mrs. Hansen. To what do you attribute that?

Mr. Thompson. I think, No. 1, perhaps there is a greater movement by the Indian community to have employable opportunities hopefully, maybe through the increased number of younger people going out into the professional trades through the educational efforts that are moving out of or attempting in some cases to break the cycle. I think these two or three contributing efforts I am hopeful will keep that trend at that particular rate. We would all, I think, like to see the thing decline.

### NAVAJO WELFARE LOAD

Mrs. Hansen. What is the welfare load on the Navajo Reservation? Has that situation improved?

Mr. Thompson. Specifically as to Navajo I will refer to Mr. Butler who has some figures.

Mr. Raymond Butler. Yes; the situation has stabilized itself. We are no longer seeing dramatic increases.

Mr. Thompson. What is the rate itself stabilized at?

Mr. Raymond Butler. Around 20 percent to a peak of 40 percent during the seasonal time.

Mrs. Hansen. They did have a 50-percent rate of unemployment.

Mr. Raymond Butler. We did have a 50 percent there at one time. The increased budget for social services is almost exclusively increased living costs. For example, this past winter we have seen a very dramatic increase in fuel costs. That makes an increase in this area, particularly in northern States, but as you can see it is exclusively related primarily to increased living costs.

Mrs. Hansen. What is your average welfare grant?

Mr. Raymond Butler. The average welfare grant we see a little over $50 per person, per month.

Mrs. Hansen. Is the same amount allotted for aid to the blind and aid to the disabled?

Mr. Raymond Butler. Madam Chairman, the new supplementary security income program has taken over the old-aged, the aid to the blind, and the aid to disabled programs, so that the Bureau's general assistance program is largely that with those who are marginally employed or those who are unemployed, and the standard of assistance, yes, Madam Chairman, is across the board for all.

Mr. McKay. Does that have a relationship to our figures on welfare? In fact you may have an increase if you have not calculated in the shift in the SSI.

Mr. Raymond Butler. Congressman, the switch over of SSI took on those formal public assistance categories which the Bureau did not have at all even to begin with. Those were all assistance programs.

### STATUS OF TRIBAL EMPLOYEES

Mrs. Hansen. You are now contracting with tribal groups for work formerly performed by the Bureau. What happens to the status of these Indian employees who will now be working for the tribes? Will they be covered by social security, by civil service, or by some tribal system? You have the problem of eventually providing for retirement. What do you plan?

Mr. Thompson. You are referring to our new effort in contracting?

Mrs. Hansen. That is correct. What happens to these employees future? Are they covered by social security? Will they be covered by civil service? Will they be covered by a tribal program for retirement?

Suppose you have a very capable person in the Navajo community who has worked on a planning program. He is a tribal employee. He reaches age 65. What happens to him?

Mr. THOMPSON. I think in that particular instance let me respond by sharing with you some of the thinking that has gone on in our efforts to date. No. 1, the heart of the administration's proposal in the legislative package is to grant to Indian tribes the authorities that State and local governments have for superior personnel exchanges that would allow the Bureau of Indian Affairs and other Federal agencies the right to loan top executives to an Indian tribe and vice versa. Tribal people could loan people to the Federal Government. That is a provision, of course, a possibility of the legislation that is relatively close to passing.

Secondly though, the theory here is that as we move the broad philosophical theory, as we move more control out to the tribe, there at some time has to be a lessening of the Federal presence.

Mrs. HANSEN. That is right, but there will never be a lessening of the need for security of his own job. I am speaking about Indian employees

Mr. THOMPSON. Yes.

Mrs. HANSEN. You may not be thinking about this in terms of today, but you will perhaps want to do some planning for the future. The average person who works, it doesn't matter whether it is for a tribe or for whom, will want to feel some security at the age of 65.

Mr. THOMPSON. I think two things are being done. Some of the larger tribes, for example, I understand are developing a retirement system for some of their employees.

Secondly, I think this is one of the concerns that people within the Bureau have had about tribal governments, and I think the report that you were kind enough to share with us today on total mapping expresses some of the frustrations that tribal employees have had, in that if there is a change in the political structure of the tribe there is a change in the patronage positions there.

What we are attempting to do, of course, is to move more authority down to the tribal level. As we do that, looking at it from the personnel management point of view, what we are saying is hopefully the tribe will employ some of these people to implement the program that would be ideal, and then they would become tribal employees hopefully under a system set up certainly with our assistance in setting up some type of retirement system for them, but that they would move to tribal employees. That would be the best.

Mrs. HANSEN. That is good, because I think the Federal Government should assist them in making sure that there is a certain amount of security, because they have enough problems. I do want to see some kind of program worked out for your Indian employees so that they don't feel the frustration of not being able to provide for themselves after they retire. Anyone who has done a good job for *x* number of years is entitled to some kind of benefits other than $50 per month.

### DRAWBACK OF CONTRACTING

Mr. LAFOLLETTE BUTLER. Mrs. Hansen, one of the drawbacks that tribes face in contracting is the fact that their own tribal members are civil service employees with a long tenure, nearing retirement, and the tribe itself is very reluctant to contract, because these people would have to switch over to tribal employment, or they would have to be transferred to some other agency, so this has been one of the drawbacks that we have had in getting tribes to contract.

Mrs. HANSEN. You should be holding a lot of discussions with the tribes about this situation and be planning for the future.

It probably will take any administration 3 or 4 years to think about this, so I am just hoping you are beginning to think about it now.

Mr. THOMPSON. We are, Madam Chairman. In all fairness to the committee as well, and to the large effort that we are attempting to make here, and it is a rather large move, there are going to be many instances where some injustices develop. I am hopeful that we can minimize those through adequate preplanning.

Mrs. HANSEN. Is there anything additional that you care to say on your social services program?

Mr. RAYMOND BUTLER. Madam Chairman, the $40 which you refer to is paid to tribal work experience participants and above general assistance. There is a small increase in the tribal work experience participation program of about 275 persons. That is all.

## LAW ENFORCEMENT PROGRAM

Mrs. HANSEN. You are requesting a $3,192,000 reduction for law enforcement. This is a net reduction consisting of program increases of $336,000 and a decrease of $3,528,000 to account for the one-time Wounded Knee expenditure. Are there any further costs to be charged against the Indian program as a result of the Bureau of Indian Affairs building disturbance or Wounded Knee?

Mr. THOMPSON. I don't think so but we had better get that clarified.

Mr. SYKES. When you say are there any more Wounded Knee, I think I can answer that.

Mrs. HANSEN. What about the Bureau of Indian Affairs building?

Mr. SYKES. The Bureau of Indian Affairs building has been put back in place and we are in operation.

Mrs. HANSEN. How about your records? Have they been returned?

Mr. SYKES. Yes; they are now. They returned those from North Carolina after more than a year, but they were personnel records.

## BUREAU OF INDIAN AFFAIRS BUILDING OCCUPATION

Mrs. HANSEN. What funds did you use to meet the expenses of the Bureau of Indian Affairs building occupation?

Mr. SYKES. I think, as I said last year, we took it from within programs that were ongoing in the Bureau across the board.

Mrs. HANSEN. Such as?

Mr. SYKES. Madam Chairman, I can't answer that specifically.

Mrs. HANSEN. The League of Women Voters want to know if the education programs were reduced?

Mr. SYKES. We have that letter.

Mrs. HANSEN. You haven't answered my question.

Mr. SYKES. No, ma'am. The education programs were not cut.

Mrs. HANSEN. What was cut?

Mr. SYKES. There was nothing cut.

Mrs. HANSEN. Don't tell me you had a lot of extra money floating around.

Mr. Sykes. No; we don't have money floating around, but we did pay off that amount, which I think came in at about $325,000 actual out-of-pocket expenses.

Mrs. Hansen. Where did you get it?

Mr. Sykes. We got it from various accounts where we had some small balances. Actually we ended up with some unexpended balances in our appropriation for 1973.

Mrs. Hansen. I can sure move those unexpended balances to some places where it should be spent.

Mr. Sykes. For one thing we did come up with a balance in the "Welfare" account at the end of 1973 which we think is good.

Mrs. Hansen. Without curtailing services?

Mr. Sykes. Without curtailing services, yes, ma'am.

Mrs. Hansen. So you overestimated?

Mr. Wiles. That would usually happen in the annual account because you can't go over under the Antideficiency Act.

Mrs. Hansen. I am just trying to get to the bottom of this.

Mr. Wiles. That would usually happen.

Mrs. Hansen. What other account would it come out of?

Mr. Wiles. I don't know what other accounts that particular money came out of. Usually there is always an unobligated balance in the account because of the Antideficiency Act.

Mrs. Hansen. I am well aware but I want to know from where it was transferred.

Mr. Sykes. It came out of what we operate out of, which is across the board. We assess each program a certain amount at the beginning of the year for clearing.

Mrs. Hansen. The original press account said the damage was $2 million, and you spent only $325,000?

Mr. Sykes. Because that included damage that somebody had estimated right at the beginning for artifacts, art work, things of that type.

Mrs. Hansen. Have you replaced the artifacts and art work?

Mr. Sykes. No, ma'am, it has not been replaced.

Mrs. Hansen. Wasn't your art work done by individual artists?

Mr. Sykes. But most of that had been purchased at one time or another by the Bureau.

Mrs. Hansen. Then you did have a loss?

Mr. Sykes. We had a loss, but what I am talking about is out-of-pocket expenses.

Mrs. Hansen. Insert in the record a statement on your losses.

Mr. Sykes. We have a statement like that.

[The information follows:]

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## OCCUPATION OF 1951 CONSTITUTION AVENUE BUILDING
November 1972

| | Total Estimated Value of Property Damaged or Destroyed & Disruption to Services | Amounts Expended by BIA in FY '73 |
|---|---|---|
| Admin. leave of BIA employees . . . . . . . . . . | $ 260,125 | -- |
| Repair of building . . . . . . . . . . . . . . . | 124,000 | $124,000 |
| Damage, destruction, or theft of office machines, equipment & other costs (all not replaced). . . . . . . . . . . | 414,000 | 201,200 |
| Arts & crafts - estimated present value . . . . | 553,000 | -- |
| GSA Federal Protective Service (11/2-11/9). . . | 228,533 1/ | -- |
| Total | $1,579,658 | $325,200 |

1/ Absorbed by GSA.

## OCCUPATION OF WOUNDED KNEE

| | |
|---|---|
| Replacement of bridge & approaches . . . . . . . . . . . . . . . . . . . . . | $130,600 |
| Repair & replacement of homes . . . . . . . . . . . . . . . . . . . . . . | 148,100 |
| Range restoration of homes . . . . . . . . . . . . . . . . . . . . . . . | 44,200 |
| General cleanup of area . . . . . . . . . . . . . . . . . . . . . . . . | 7,000 |
| Emergency assistance to families . . . . . . . . . . . . . . . . . . . . | 15,600 |
| Repair of Community Center & Head Start building . . . . . . . . . . . . | 29,800 |
| Total | $375,300 |

On July 1, 1973 the President requested an amendment to the Department of Interior, BIA Estimates for FY 1974 for $4,213,000 to cover Federal expenses incurred by the Department of Justice and the FBI at Wounded Knee. This estimate was subsequently reduced by $685,000 to $3,528,000. The Congress has appropriated the reduced amount, $2,478,000 for U. S. Marshals' Service and $1,050,000 for the FBI. Funds have been transferred to the agencies indicated.

These "out of pocket expenses" of $325,200 for Constitution Avenue and $375,300 for Wounded Knee were charged to the Clearing Account established each year for the General Support Program. Clearing Accounts are established in accordance with BIA Manual Instructions 42-2.15.6 for the purpose of (1) accumulating charges which are not readily chargeable on a direct basis and (2) accumulating costs temporarily in a single account so as to obtain cost and budget information. Authority is contained in Section 103 of each year's appropriation to the Department of the Interior and Related Agencies. This Clearing Account is used for common service operations which benefit all activities regardless of appropriation, allotment or cost account.

At the beginning of each year each activity is assessed approximately 4% and this General Support Account is established which is basically for (1) operation of the Central Accounting and Data Information Center in Albuquerque and (2) administrative, housekeeping-type functions at the Area and Agency level throughout the Bureau. The payment of these expenses for these unfortunate incidents was made from this Clearing Account without any further assessment to activities.

Mr. McKay. How much do you pull from each department for this "slush fund," or whatever you call it?

Mr. Sykes. Roughly 4 percent.

Mr. McKay. Four percent of each department's budget?

Mr. Sykes. Each activity, yes, sir.

Mrs. Hansen. Which 4 percent of resources?

### EXPENSE OF BIA OCCUPATION

Mr. Sykes. Resource management, education has to put in their share and things of that type.

Mrs. Hansen. You just told me the education program was not assessed.

Mr. Sykes. No, ma'am, I didn't. I said we had to take this money. It had to be done and we had to take it out of the clearing account. The clearing account is an assessment against each of our activities.

Mrs. Hansen. How much was your education account reduced and what items in education didn't you perform?

Mr. Sykes. I can't pin it down to what items, because there were no items that were actually not done because of this. There was enough money in the clearing account across the board without cutting into any specific items in there to accomplish this.

Mr. Wiles. Madam Chairman, let me see if I can explain what a clearing account is. There are many charges that you put into a clearing account because at that particular time you don't know exactly where that charge is going to go. Say you have four irrigation projects and you buy a pipe. You don't know where that pipe is going to end up so you charge that pipe to a clearing account. As you use it you clear it out to this project, this project, this project and this project. Then the whole amount is spread by project. This is what Mr. Sykes is saying, that the clearing account—correct me if I am wrong—they charge this $325,000 into the clearing account not knowing where it is going. Then I imagine when the year is over and there were balances so that no programs would be hurt they charge that $325,000 out all across the board, is that about right?

Mr. Sykes. That is right. It is a very difficult thing to explain.

Mrs. Hansen. I saw a lot of libraries in your schools that could have used this 4 percent. I have seen a lot of Indian housing that could have used this 4 percent. I have seen Indian resource management that could have used this 4 percent, so it is very difficult to explain to me.

The committee last year provided a very small amount of funds to the Navajos for law enforcement, because they told us that the tribe has had to spend far beyond their ability to spend in their law enforcement program. When you see the size of the Navajo reservation, which is the size of West Virginia, you can understand their problem. We asked them to work out with the BIA some kind of a program and bring us a report on what was happening.

**Mr. Raymond Butler.** At the present time, on-going and, Madam Chairman, almost completed, is a complete program analysis that was initiated last summer, a program analysis of the entire law enforcement, judicial and prevention program that is operated throughout Indian country. This not only includes the Bureau's direct service program but also the various tribal programs as well as many of the various State programs where they are operating under Public Law 280. Hopefully, this program analysis will be completed by the early part of next month, in which we will know better which direction to go. As you have indicated, Madam Chairman, the Navajos are spending approximately $2.9 million of their own funds, and have repeatedly asked for assistance, as you will recall. They were before us last year. We have met with them. We have their $2.9 million request under consideration as a part of this overall study. Throughout Indian country the amounts the tribes are contributing is in excess of $5 million, including Navajos largely, and so we were including all of these in the study as well.

**Mrs. Hansen.** When will the study be completed?

**Mr. Raymond Butler.** Hopefully by the first part of next month.

Fortunate or unfortunate as it may be, Madam Chairman, Nevada jurisdiction elections are being held in June, but the study will be completed before then.

**Mr. Wiles.** I believe the Navajo law and order problem goes back a number of years. I remember when the Navajos had a very large income from uranium they wanted to take over the law and order program and they did. Now they have lost that income and the Navajos do have a very difficult problem with their law and order and it is something that needs to be looked into. It is a change of income to the tribe over a period of time, I believe, that has caused this problem.

## HOUSING PROGRAM

**Mrs. Hansen.** You are requesting $12,908,000 for housing. This will provide 4,400 renovations at an average cost of $1,655, and 500 new homes at an average cost of $6,240. Will you place in the record the number of houses which remain on reservations to be brought to standard.

**Mr. Thompson.** We would be pleased to.

**Mr. Geary.** Out of the total stock 19,200 remain to be renovated.

**Mrs. Hansen.** Last year the GAO issued a report on your housing program and indicated that a lot of improvements were needed. To those of us who had been on the reservations, and seen the construction and reconstruction programs, understood some of the difficulties involved. People moved into a new house and didn't actually know how to use some of the facilities. We asked you to work with the tribal governments to make sure that when you had new houses that you had someone to explain the operation of all facilities.

We also asked you to provide more supervision in your renovation programs, so that they were done to a higher standard than they were being constructed at that time. What has happened?

**Mr. Raymond Butler.** Madam Chairman, in the area of training, yes. Working in connection with the tribal housing authorities, we have specific blocks of money that are reserved there that are, upon request of tribal housing authorities, for use in this area, not only in terms of training for the managers and so on of the project, but as well as for the occupants and tenants of the projects themselves in terms of homeownership and home upkeep.

In the area of working on renovations to a standard, here again most of this is administered through the respective tribal housing authorities, through assistance in working with them, to improve upon these homes for the renovation group.

### CRITICISMS IN GAO REPORT

Mrs. Hansen. We don't want another GAO report.

Mr. Raymond Bulter. Madam Chairman, if I may, one of the criticisms, as I recall, of that was related directly to the public housing units where they were clustering units.

Mrs. Hansen. There were a number of criticisms. They showed where you had installed plumbing that did not work properly, which I understand has been corrected. You placed a house in the middle of a patch of gravel, and the first thing that happened was the floor was destroyed.

I saw houses constructed where no effort was made to take away the trash bales behind the houses. This should have been one of the first objectives, because remember you are dealing with people who are not familiar with modern facilities. These people needed counseling and assistance. The BIA just built a house there and walked away. That is no way to do business.

You work very closely with the Indian Health Service, so that the sanitation and the water supply is in place at the proper time. You plan the programs together.

Mr. Thompson. That is correct.

Mrs. Hansen. I hope they do better than they did with the Quileutes when they put them in apartments that were too small.

Mr. Thompson. That is an example we can all point to, interagency coordination, with housing and urban development, in that area.

### AMERICAN INDIAN BANK

Mrs. Hansen. It is very important. What success is the American Indian bank having?

Mr. Roberson. As you are aware, Madam Chairman, we have a contract between the Bureau of Indian Affairs and the bank in getting them started. Most of the Bureau money is being used in the training field, to train the officers and officials of the bank. The bank just began operations in November. They opened their doors on November 15, and it is in the process now of beginning operations, taking deposits. They actually, I believe, have made one loan commitment, and they are in the process, I believe, right now of putting out a prospectus, you might say, for the sale of their stock. It is not actually for sale at this moment. As you are aware, there was a special Indian trust that was set up that borrowed $1 million to capitalize the bank in the beginning, and that stock was to be held by that Indian trust for 1 year, and it was to be for sale originally only to Indians and Indian organizations. I believe they are in the process of preparing their prospectus and getting ready to sell or begin selling that stock. I do not believe they have sold any to this moment.

### BICENTENNIAL PROGRAM

Mrs. Hansen. You are requesting an increase of $1 million for business enterprise, and $300,000 of that is for the Bicentennial program. What does this involve?

Mr. Roberson. The Bicentennial program will be requested and asked for input from the field on suggested uses, and those submitted to the Department, and somewhere selected for participation as fitting in the national program of the Bicentennial.

Mr. Hansen. Such as?

Mr. Roberson. Primarily, the increase in the Southwest and in the northern plains areas are two projects that have already begun providing package tours to the reservations in those areas.

Mrs. Hansen. How are they going to get there without any gas?

Mr. Roberson. A very good question. That, however, is the way the money was planned to be spent.

Mrs. Hansen. I suspect the gasoline shortage is not going to be any better by 1976.

For several years the committee has wanted to make sure that we used public transportation as much as possible, where it was available, to reduce the amount of traffic in our Federal facilities. The same thing is probably true in getting to and from some of your reservations. I think the Navajo Reservation is one of the very exciting places to visit. The problem is a lack of adequate mass transportation facilities. We had asked the Park Service to see what they could do to negotiate some package tours into some of their big western facilities to reduce the traffic within the parks by using elephant trains, buses, and so forth. I think we have to be practical about some of these things.

How many tribes will be participating in your Bicentennial program?

Mr. Roberson. These projects that we mentioned here presently participating in these package tours, and this again I state is a package tour, where people are picked up out of central locations and delivered as a group through the reservation. The ones presently participating are listed here at 10 I believe presently participating but this money, if we can make proper use of it, would include some other tribes in the general areas that participate in this.

Mrs. Hansen. Please provide a list for the record of the tribes that have made application to participate in the Bicentennial program.

Mr. Roberson. I will be happy to.

[The information follows:]

List of tribes that have submitted applications to participate in the Bicentennial program:

1. Tonkawa Tribe of Oklahoma.
2. Citizen Band of Potawatomi Indians of Oklahoma.
3. Tlingit and Haida Indians of Alaska.
4. Cheyenne-Arapaho of Oklahoma.
5. Absentee Shawnee Tribe of Oklahoma.
6. Crow Tribe—Montana.
7. Metlakatla Indian Community of Alaska.
8. Grand Portage Reservation—Wisconsin.
9. Navajo Tribe—Arizona.

## BLOC GRANT LEGISLATION

Mrs. HANSEN. You now have a bill before Congress for a $25 million bloc grant program.

Mr. THOMPSON. Indian financing.

Mrs. HANSEN. That is correct. The reason I asked is because many projects for which the committee is asked to provide funds logically belong under the Indian development program.

Mr. THOMPSON. Were you referring to the $25 million bloc grant proposal that we have?

Mrs. HANSEN. Yes.

Mr. THOMPSON. We have identified in the 1975 budget $25 million to be used if we can get the attendant legislation that is needed for the Bureau.

Mrs. HANSEN. What are you doing to insure passage of that legislation?

Mr. THOMPSON. We have done two or three things. We have had meetings with EDA. As you will know it will be the demise of them and accentuation of BIA. We do need specific legislation prior to spending the money. We have identified the money in 1975 in hopes we will get the legislation to enable us to implement the programs.

What we have done to specifically get the legislation through, we have had discussions with several members of the committees, but I don't say that we have a guarantee the act is going to be passed.

Mrs. HANSEN. What authorizing committees have jurisdiction over that bill?

Mr. THOMPSON. I don't know.

Mr. SYKES. I am not sure but I would imagine it would be the Interior and Insular Affairs Committees in the House and Senate. That would be my guess.

Mr. THOMPSON. That is where the legislation lays today.

Mr. SYKES. It hasn't gotten beyond the introduction stage. They haven't had any hearings.

## TECHNICAL FISHERIES ASSISTANCE TO TRIBES

Mrs. HANSEN. You have a special fund to reimburse the Bureau of Sport Fisheries and Wildlife, for technical fisheries assistance to Indians in connection with off-reservation treaty fishing rights. I have a question from Mr. McMines and Mr. De La Cruz on treaty fishing rights. They want to know what the actual amount of money is in the budget for the implementation of the Judge Boldt decision, especially in regard to fisheries and biological assistance, as well as the enforcement of tribal off-reservation fishing regulations.

Mr. ROBERSON. Since that ruling, Madam Chairman, of course was only handed down the 17th I believe of this month, we have just received it and have not had time to study it thoroughly.

Mrs. HANSEN. Mr. De La Cruz and Mr. McMines have had time to study it.

Mr. ROBERSON. I am sure that they have. Obviously this money that we have and that we speak of in here is not specifically pointed toward that problem. This is $250,000, however, that we are contracting, that we are reimbursing the Bureau of Sports Fisheries and Wildlife for present assistance to those tribes.

Mrs. HANSEN. This involves 24 Indian tribes. Please insert a list of those tribes in the record.

[The information follows:]

*Washington*

1. Swinomish
2. Squaxon
3. Hoh
4. Quileute
5. Nisqually
6. Puyallup
7. Muckleshoot
8. Stillaquamish
9. Upper Skagit
10. Makah
11. Tulalip
12. Lummi
13. Yakima
14. Chehalis
15. Skokomish
16. Lower Elwha
17. Port Madison
18. Port Gamble
19. Warm Springs
20. Umatilla
21. Nez Perce
22. Quinault
23. Fort Hall
24. Suquamish

Mrs. HANSEN. What do you estimate will be the cost of Judge Boldts' ruling?

Mr. ROBERSON. We simply have not had time to make an estimate.

Mr. LAFOLLETTE BUTLER. There are about four expenses and we don't have the figures. We do have the people in the Portland area who are working on this. They plan to come in here I think the middle of March, and undoubtedly they will have the figures at that time.

Mrs. HANSEN. Could you send the committee the estimates that they present to you, because I am sure you understand that this is rather a critical issue in coastal States, such as the State of Washington.

Mr. LAFOLLETTE BUTLER. I was a representative of the commission council at the meeting the other day for the tribes of the Northwest. Naturally this is one of the things we are vitally interested in.

The expenses we foresee right now are those of enrollment in identifying the people, both those who belong to the recognized tribes and those who belong to the claims, those who will have the fishing rights under this decision.

The development of regulations by the tribes to implement the decision; they are very much concerned about this problem. They are very much concerned about the responsibilities that have been laid on them by the court, by this decision.

Mrs. HANSEN. The committee will be very interested in the amount of money that is needed.

Mr. ROBERSON. We will certainly supply that.

Mrs. HANSEN. How many hatcheries do you have on Indian reservations?

Mr. ROBERSON. We have none.

Mrs. HANSEN. The Quinaults have a fish hatchery; how many others do you have?

Mr. ROBERSON. I cannot respond to that.

## CREDIT PROGRAM

Mrs. HANSEN. You are requesting an increase of $556,000 for your credit program. Do you want to explain what this involves?

Mr. ROBERSON. The $556,000 shown here is an increase for fiscal year 1975. It is entirely to be used in the provision of services and administration of the credit program. It is not any money for direct loans. It is also entirely to be used for contracts, hopefully with Indian people themselves and tribes for the administration and additional technical services in the handling and administration of the credit funds.

Mrs. HANSEN. $26,511,900 is listed under the nonagriculture category. What is included under nonagriculture?

Mr. ROBERSON. This is a summary, of course, of financing needs that have been identified. Nonagriculture could be a broad coverage of loans there for several purposes.

Mrs. HANSEN. Such as?

Mr. ROBERSON. I see small businesses are related here, but larger businesses, businesses that individuals might want to enter into; housing is listed, of course, as a separate thing.

Mrs. HANSEN. What goes into that account?

Mr. THOMPSON. Could we have some cannery operations?

Mr. ROBERSON. Yes.

Mrs. HANSEN. Please provide for the record some samples of what this involves.

Mr. ROBERSON. Surely.

[The information follows:]

The nonagricultural category includes general short term consumer type financing needs, that is personal loans for furniture, automobile, TV, et cetera; loans to develop property for other than agricultural purposes (development of individual lots for personal use or recreation); loans to purchase certain type of nonagricultural equipment, that is movers, small tractor for personal use, et cetera; and operations such as an individual logging operation (chain saw, et cetera.).

## DIRECT EMPLOYMENT

Mrs. HANSEN. You are requesting an increase of $694,000 for direct employment. How much expansion of employment on reservation does this envision? What percent will be on the Government payroll?

Mr. THOMPSON. The whole thrust of the program over the last couple of years has been just that, to attempt to confine this particular activity to seeking jobs on or near reservations. It is the program we discussed this morning of having to move into the urban communities faced with all the frustrations one runs into. With regard to numbers, we have only made this recent shift over the last 2 or 3 years and we can say this number of jobs have been created on or near the reservations, but the thrust of the program is this. Can anybody identify it any better as to numbers?

Mr. ROBERSON. I am afraid we can't. The number placed on and off reservations, because we still have those people coming wishing to be placed off reservation as well as on. We are trying to offer the option to the individual to be placed wherever opportunity exists.

Mr. THOMPSON. One of the things we ran into, Madam Chairman, is rather interesting from an administrative point of view, attempting to get the decision down on training to the local level, if possible down to the individual. That was the goal, to get it down to the individual. We then tried to match up the administrative latch-up that is needed to get them funded and it was a nightmare. We really don't have clear figures as to where the individual went.

## ROAD MAINTENANCE

Mrs. HANSEN. You are requesting $7,753,000 for road maintenance. The road maintenance activity should provide for a great deal of employment. How much does it provide?

Mr. THOMPSON. Most of the $7 million, as you know, a lot of that type of work is done through force account.

Mrs. HANSEN. Which affords an opporunity for Indian employees, is that correct?

Mr. THOMPSON. A high percentage of them, if we can get the work done on force account, it is done by Indians.

Mrs. HANSEN. Do you have any figure on the level of force accounts? Is it 1,000, 1,500 or 2,500? Most States and counties have the same provision, as you are aware.

They kept increasing it over the years because the force account has been one way to allow participation of the unemployed.

Mr. THOMPSON. I don't believe we have a cutoff figure. It is a matter of decision, the availability of labor and the expertise currently locally available.

I know in many remote areas, for example, we have built entire complexes. Schools—I am thinking particularly in some remote parts of the country—they have been done by force account and very well done, I might add.

Mr. ROBERSON. Madam Chairman, if I may, we could not probably look for a substantial increase in Indian employment in the roads maintenance program because already most of the maintenance work, the people working on the maintenance program are members of local tribes.

Mrs. HANSEN. As you increase your mileage, you increase the opportunities for work. You are requesting an additional $1,162,000 for road maintenance. What is that going to provide? Or is that just a reflectional of the increased cost of doing business?

Mr. THOMPSON. I think it is a combination of both. As you construct more roads, your maintenance costs increase and currently with the inflation, gasoline and so forth, that is a factor, as well. I think it is a combination of both.

Mrs. HANSEN. Please insert a tabulation in the record showing the miles that you have constructed per year for the last 10 years.

Mr. THOMPSON. I am sure we have those figures and will be glad to supply them.

Mrs. HANSEN. Indicate in that tabulation the geographical locations of the road work.

[The information follows:]

SUMMARY OF ROADS OUTPUTS FOR 10-YEAR PERIOD AS OF FEB. 27, 1974

| | Grade-drain (miles) | Surfacing (miles) | Bridge construction (linear feet) |
|---|---|---|---|
| Fiscal year: | | | |
| 1966 | 381 | 549 | 1,401 |
| 1967 | 407 | 645 | 1,037 |
| 1968 | 302 | 513 | 1,127 |
| 1969 | 329 | 542 | 2,000 |
| 1970 | 332 | 427 | 1,935 |
| 1971 | 215 | 516 | 2,224 |
| 1972 | 254 | 439 | 2,014 |
| 1973 | 419 | 519 | 3,379 |
| 1974 (estimate) | 517 | 583 | 3,159 |
| 1975 (estimate) | 446 | 725 | 2,803 |
| Total | 3,602 | 5,458 | 21,079 |

## SUMMARY OF ROAD OUTPUTS
## for
## TEN-YEAR PERIOD - 1966 - 1975

| LOCATION<br>Area<br>Reservation | BRIDGING<br>Lin. Feet | GRADING<br>Miles | SURFACING<br>Miles |
|---|---|---|---|
| ABERDEEN | | | |
| Cheyenne River | 590 | 74.1 | 112.1 |
| Fort Berthold | 85 | 78.4 | 90.3 |
| Fort Totten | 0 | 21.7 | 22.9 |
| Pine Ridge | 280 | 102.7 | 447.4 |
| Rosebud | 512 | 85.3 | 153.9 |
| Yankton | 0 | 9.3 | 17.2 |
| Sisseton | 0 | 18.9 | 41.2 |
| Standing Rock | 147 | 101.4 | 152.0 |
| Turtle Mountain | 0 | 52.6 | 47.9 |
| Winnebago | 0 | 10.3 | 25.6 |
| Omaha | 105 | 11.5 | 9.9 |
| Crow Creek | 108 | 21.0 | 29.8 |
| Lower Brule | 0 | 43.1 | 95.7 |
| Santee | 0 | 1.5 | 0.5 |
| AREA TOTALS | 1,410 | 631.8 | 1,246.4 |
| ALBUQUERQUE | | | |
| Acoma | 0 | 17.7 | 40.3 |
| Cochiti | 0 | 3.3 | 3.3 |
| Isleta | 0 | .0 | 5.7 |
| Jicarilla | 0 | 38.7 | 48.5 |
| Laguna | 262 | 5.8 | 14.4 |
| Mescalero | 0 | 30.6 | 30.7 |
| Nambe | 0 | 2.8 | 5.6 |
| Picuris | 0 | 6.1 | 6.1 |
| Ramah-Navajo | 0 | 38.5 | 22.9 |
| Sandia | 0 | 1.0 | 1.0 |
| San Felipe | 405 | 0.5 | 0.5 |
| San Ildefonso | 0 | .0 | .0 |
| Santa Ana | 0 | 3.5 | 3.5 |
| Santa Clara | 0 | 3.6 | 3.6 |
| Santo Domingo | 0 | .0 | 2.4 |
| Southern Ute | 214 | 11.6 | 8.4 |
| Taos | 246 | 0.6 | 2.4 |
| Tesuque | 46 | .0 | 0.5 |

SUMMARY OF ROAD OUTPUTS
for
TEN-YEAR PERIOD - 1966 - 1975

| LOCATION<br>Area<br>Reservation | BRIDGING<br>Lin. Feet | GRADING<br>Miles | SURFACING<br>Miles |
|---|---|---|---|
| **ALBUQUERQUE** (cont'd) | | | |
| Ute Mountain Ute | 134 | 15.8 | 6.5 |
| Zuni | 343 | 20.2 | 28.2 |
| Puertocito-Navajo | 0 | 17.4 | .0 |
| Canoncito-Navajo | 0 | .0 | 7.8 |
| AREA TOTALS | 1,650 | 217.7 | 242.9 |
| **ANADARKO** | | | |
| Anadarko | 630 | 61.0 | 87.5 |
| Concho | 330 | 44.0 | 51.0 |
| Shawnee | 196 | 24.0 | 24.0 |
| Pawnee | 42 | 24.6 | 32.6 |
| Horton | 0 | .0 | 22.3 |
| Haskell | 0 | 1.5 | 3.0 |
| AREA TOTALS | 1,198 | 155.1 | 220.4 |
| **BILLINGS** | | | |
| Blackfeet | 143 | 91.1 | 168.5 |
| Crow | 622 | 57.1 | 81.1 |
| Flathead | 0 | 11.5 | 2.0 |
| Fort Belknap | 765 | 76.8 | 98.7 |
| Fort Peck | 266 | 69.5 | 91.4 |
| Northern Cheyenne | 336 | 67.0 | 70.1 |
| Wind River | 498 | 61.0 | 88.0 |
| Rocky Boy | 135 | 60.4 | 125.9 |
| AREA TOTALS | 2,265 | 494.4 | 725.7 |
| **JUNEAU** | | | |
| Annette Island | 0 | 9.3 | 19.3 |
| Tyonek | 0 | 6.1 | 6.6 |
| Barrow | 0 | 7.6 | 7.4 |
| Hoonah | 0 | 2.1 | 2.0 |
| Artic Village | 0 | 1.2 | .0 |
| Venetie | 0 | 0.6 | .0 |
| Misc. Villages | 0 | 4.3 | .0 |
| AREA TOTALS | 0 | 31.2 | 35.6 |

## SUMMARY OF ROAD OUTPUTS
## for
## TEN-YEAR PERIOD - 1966 - 1975

| LOCATION<br>Area<br>Reservation | BRIDGING<br>Lin. Feet | GRADING<br>Miles | SURFACING<br>Miles |
|---|---|---|---|
| MINNEAPOLIS | | | |
| Red Lake | 362 | 16.0 | 26.5 |
| Grand Portage | 0 | 1.5 | 1.6 |
| Nett Lake | 0 | 3.4 | 3.4 |
| Fond Du Lac | 0 | 0.7 | 0.7 |
| Leech Lake | 0 | 16.3 | 19.5 |
| White Earth | 0 | 18.0 | 18.0 |
| Lac Courte Oreilles | 0 | 6.4 | 6.4 |
| Lac Du Flambeau | 45 | 10.5 | 10.1 |
| Bad River | 208 | 4.8 | 8.1 |
| Red Cliff | 0 | 0.2 | 0.2 |
| Oneida | 0 | 0.9 | 1.8 |
| Stockbridge | 0 | 6.0 | 6.0 |
| Winnebago | 0 | 1.4 | 1.4 |
| Hannahville | 0 | 5.2 | 6.0 |
| AREA TOTALS | 615 | 91.3 | 109.7 |
| MUSKOGEE | | | |
| Five Civilized Tribes | 1,510 | 70.8 | 134.6 |
| TOTAL | 1,510 | 70.8 | 134.6 |
| NAVAJO | | | |
| Navajo | 3,978.9 | 566.6 | 788.5 |
| AREA TOTAL | 3,978.9 | 566.6 | 788.5 |
| PHOENIX | | | |
| Colorado River | 925 | 101.4 | 276.8 |
| Ft. Apache | 707 | 74.1 | 143.4 |
| Nevada | 460 | 55.5 | 91.4 |
| Papago | 0 | 188.4 | 211.9 |
| Pima | 138 | 45.3 | 71.1 |
| San Carlos | 215 | 98.3 | 166.0 |
| Uintah-Ouray | 84 | 46.1 | 129.8 |
| Hopi | 0 | 62.1 | 67.8 |
| Truxton | 0 | 62.6 | 46.1 |
| AREA TOTALS | 2,529 | 733.8 | 991.5 |

SUMMARY OF ROAD OUTPUTS
for
TEN-YEAR PERIOD - 1966 - 1975

| LOCATION<br>Area<br>Reservation | BRIDGING<br>Lin. Feet | GRADING<br>Miles | SURFACING<br>Miles |
|---|---|---|---|
| PORTLAND | | | |
| Colville | 0 | 75.9 | 60.4 |
| Fort Hall | 561 | 51.2 | 78.2 |
| Northern Idaho | 52 | 15.9 | 40.5 |
| Umatilla | 0 | 1.0 | 31.9 |
| Warm Springs | 442 | 42.9 | 70.7 |
| Western Washington | 250 | 32.4 | 33.2 |
| Yakima | 66 | 47.3 | 70.2 |
| Spokane | 501 | 21.2 | 28.4 |
| AREA TOTALS | 1,581 | 287.8 | 413.5 |
| SACRAMENTO | | | |
| Round Valley | 0 | 2.7 | 2.7 |
| Big Sandy | 0 | 0.7 | 1.6 |
| Dry Creek | 0 | 0.8 | 0.8 |
| Hoopa Valley | 140 | 9.4 | 7.0 |
| Manchester | 0 | 0.8 | 0.8 |
| Morongo | 0 | 0.8 | 0.8 |
| Trinidad | 0 | 0.5 | 0.5 |
| Mesa Grande | 0 | 0.4 | 0.4 |
| Jackson | 0 | 0.7 | 0.7 |
| Alturas | 0 | 0.3 | 0.3 |
| Cedarville | 0 | 0.3 | 0.3 |
| Lookout | 0 | 0.3 | 0.3 |
| X-L Ranch | 0 | 2.2 | 2.2 |
| Sulphur Bank | 0 | .0 | 3.8 |
| Susanville | 0 | 0.5 | 0.5 |
| Colusa | 0 | 0.5 | 0.5 |
| Viejas | 0 | 2.0 | 2.4 |
| Laytonville | 0 | 0.8 | 1.2 |
| Bishop | 0 | 0.1 | .0 |
| Lone Pine | 0 | 1.1 | 1.1 |
| Los Coyotes | 0 | 5.0 | 4.9 |
| AREA TOTALS | 140 | 29.9 | 32.8 |
| SOUTHEAST | | | |
| Choctaw | 0 | 29.6 | 22.9 |
| Cherokee | 508 | 17.6 | 28.2 |
| Seminole | 0 | 5.3 | 20.8 |
| AREA TOTALS | 508 | 52.5 | 71.9 |

## FORESTRY AND AGRICULTURE PROGRAM

Mrs. HANSEN. You are requesting an increase of $1,335,000 for forestry and agriculture.

You will remember the committee added funds in last year's budget for the Quinault Tribe. Did you spend those funds?

Mr. PAYTON. Madam Chairman, to date we have $303,000 contracted with the Quinault Tribe. As I understand they are proceeding doing the kinds of things outlined in their prosposal.

Mrs. HANSEN. What have they done?

Mr. PAYTON. They have started on their reforestation program. They have done some stream clearance.

There is timber stand improvement; fire hazard reduction; forest management planning and coordination, and there is a management plan and inventory for the Alder River Basin. They still have some $47,000 that they have other purposes in mind for.

Mrs. HANSEN. Is there money in the budget this year to continue the Quinault program?

Mr. PAYTON. Yes, ma'am.

Mrs. HANSEN. How much?

Mr. PAYTON. Roughly the same amount.

Mr. SYKES. That was in the base.

Mrs. HANSEN. What progress are you making in forestry throughout the Indian country? You have some fine stands of timber and you have some severe problems. Some of your areas are the most inflammable areas.

Mr. THOMPSON. Some recent developments have met with encouragement by the Indian people. The determination that we can reprogram that 10 percent administrative fee, both directly back to tribes for identified uses; that, I think, is a recent accomplishment that the Indian community has looked at over the years. It is kind of a bone of contention with them that we have been able to turn around over the last couple of years. We always have the problem of forest fires. We have a reforestation program. We have a very good working relationship with the Bureau of Land Management with regard to fire suppression.

We have worked out some unique problems with them to eliminate the number of acres being wasted by fires.

### FOREST FIRE STATISTICS

Mrs. HANSEN. Please insert in the record the number of fires you had in 1972, the total cost of them, the number of manmade fires, and those that were caused by lightning.

[The information follows:]

For calendar year 1972:
Number of fires: 1,945
Causes: 61 percent Man-made: 39 percent lightning
For fiscal year 1973, cost of fire suppression was $3.7 million.

### CONSOLIDATION ON TRIBAL LANDS

Mrs. HANSEN. On many Indian reservations you have patchwork ownership.

You have section after section which may belong to the tribe, but then you have fee lands and the fee lands have been disposed of. The Indian tribes have been trying for a long time to develop the ability to purchase back from the fee owner or whoever has acquired that land so it can return to tribal ownership again.

The Quinaults, Skokomish, and the Makahs, all the western Washington Indians, are interested in this. Managerially patchwork ownership is very difficult.

This would offer a greater opportunity for their people to come back to the reservation with a new type of housing that would help the general reservation atmosphere as well as increasing the tribal income in the years ahead.

What have you done in this particular area? Have you tried to work with them on developing a bill?

Mr. THOMPSON. Several things. Of course, this is a consolidation program of Indian lands. It is something that has been accentuated over the last 5, 6, or 7 years. For example, the Navajos are attempting to consolidate and most of the western tribes are. The Yakimas have an active program through their own tribal resources.

Mrs. HANSEN. You do have some very poor tribes. The Yakimas comparatively speaking, have more money to do this type of thing.

The Quinaults, however, I don't think they have the ability to purchase those lands.

Mr. THOMPSON. In the new legislation that we understand is imminent in Congress, the Indian Financing Act, a portion of that will allow tribal groups the funds to purchase fee lands.

Mrs. HANSEN. Let us say, for example, that an estate is being settled. Perhaps the heirs want to sell. As the gas shortage becomes more critical along the coast perhaps some of those owners will want to dispose of their lands. The tribe wants the ability to purchase those lands and I agree this is one of the things that means solvency for them.

Mr. THOMPSON. We have as well, of course, supported individual tribal requests to have lands returned to them that at one time had one Federal use or another, and the use was subsequently abandoned and we have gone to both committees, the administration has, and over the years has asked that lands be returned to tribal ownership under trust status. Those two or three efforts are currently ongoing. Then I believe we have appropriated direct moneys for consolidation over the years.

Mr. L. BUTLER. About the midforties was about the last time there were direct appropriations for purchase of lands. It started after the Indian Reorganization Act and for a period of 10 to 12 years we had moneys appropriated for the purchase of lands in multiple ownership.

Since then we have not had appropriations for that purpose.

Mr. PAYTON. The FHA Act provides some loan money whereby tribes can acquire land. They don't have a tremendous amount, but this has been occurring in various parts of Indian country to take care of these kinds of problems.

Mr. L. BUTLER. Over the years there have been attempts to get general legislation that would attack the so-called heirship problem. Those bills, because they were general and did not fit one or another tribe, have never been successful. In almost all of those bills over the years there were provisions for purchase of lands that were in multiple ownership status.

What we have in mind, we haven't started it yet, but we have talked to the new Commissioner about it, is the idea of developing individual pieces of legislation which are tailor-made to specific tribes.

Mrs. HANSEN. That is what I wondered about. For example, the same problem that affects the Quinaults wouldn't probably affect the Navajos because you have a different kind of situation existing.

## RANGE IMPROVEMENTS

You are requesting an increase of $387,000 for physical improvements critical to development of range units. How many acres of range do you have?

Mr. PAYTON. About 40 million.

Mrs. HANSEN. How much of that has had range improvement in the past 10 years?

Insert the information in the record.

Mr. PAYTON. Yes, ma'am, we will be happy to provide that.

[The information follows:]

Number of acres of range improved, Bureau-wide, by physical development in the past 10 years—9,994,898 acres.

*Range improvements fiscal year 1964 through 1973*

| *Practice* | | *Amount* |
|---|---|---|
| Stockwater wells | | 524 |
| Spring developed | | 1, 518 |
| Springs rehabilitated | | 62 |
| Earthern reservoirs | | 2, 340 |
| Storage tanks | | 166 |
| Pipelines | miles | 614 |
| Fences | miles | 8, 451 |
| Brush control | acres | 534, 646 |
| Weed control | acres | 3, 680 |
| Grazing systems (rest rotation, et cetera) | acres | 131, 400 |
| Reseeding | acres | 459, 064 |
| Water spreading | acres | 436, 334 |
| Dikes (2,330,177 cu. yd.) | miles | 139 |
| Detentions (2,772,633 cu. yd.) | miles | 380 |
| Diversions | cu. yd | 2, 913, 700 |
| Sand dune control | acres | 94 |
| Streambank protection | miles | 526 |
| Reservoir conduits and drops | | 931 |

## TIMBER SALE RECEIPTS

Mrs. HANSEN. Your timber sale receipts are the prime source of income of many reservations. However, Indian owners are losing as much as $4.3 million a year in income from stumpage payments because of an under funded timber sales program.

What are you doing to correct this situation?

Mr. PAYTON. First of all, the situation we are in apparently is that we just cannot get ready for sale quickly enough at the higher prices.

Mrs. HANSEN. Nor can you afford to lose $4.3 million a year.

Who performs your timber crusing and appraisals?

Mr. PAYTON. This is done by the Forestry staff.

Mrs. HANSEN. In the BIA?

Mr. PAYTON. Yes, ma'am.

Mrs. HANSEN. Are you doing all that you can?

Mr. PAYTON. Yes, ma'am.

Mrs. HANSEN. That isn't what I hear.

You know, if your stumpage payments are down, something is at fault. Either there is a poor contract based upon bad market conditions, there is an underappraisal, or there is undercruising. What are you doing to improve that situation?

Mr. PAYTON. Frankly, I don't know, Madam Chairman.

Mrs. HANSEN. You should know. In some of these timbered areas there are spectacular stands of timber. Timber is one of the Quinaults greatest resources. You have timber resources down in the Navajo. The Crows have some timber resources.

It seems to me rather strange to find right in your own justification that you are losing as much as $4.3 million a year and then you can't tell me what you are doing to correct that situation.

Mr. THOMPSON. Madam Chairman, we have one current problem. I believe we are making some inroads here. In some of the areas we are losing a great amount of Indian timber through an inability to utilize DDT to arrest the tussock. As you know, I believe, we are relatively close to resolution of that particular problem for the third year in a row now. Out in the Pacific Northwest, in particular, we have lost a lot of timber; we have requested recently with departmental approval, to utilize DDT on a limited basis. We are hoping to get that approval from EPA.

Mrs. HANSEN. You say: "because of an underfunded timber sales program."

That means there is some underfunding for some activity either contract supervision, cruising, appraisal, or your scaling. There is something wrong somewhere. You had better provide some details for the record.

Mr. THOMPSON. Madam Chairman, that will be done.

[Discussion off the record.]

Mrs. HANSEN. What funding would you need to recoup that $4.3 million to the Indian people?

Mr. THOMPSON. We will provide this information.

[The information follows:]

The annual allowable cut from the Indian forests is currently calculated at 1 billion board feet. The program for 1975 will provide for an estimated harvest of 928 million board feet. This is 72 million board feet below the allowable cut. The value of this volume of timber is estimated at $4.3 million. Funding in the amount of $450,000 would be necessary to sell an additional 72 million board feet. The funding would be used for additional personnel and equipment necessary for timber sales administration, including preparation, supervision, marking, and scaling.

Mrs. HANSEN. Also insert in the record a statement on the improvements you have made on your rangeland.

[The information follows:]

All usable Indian rangeland has benefited directly or indirectly from improvements since the 1920's. These physical land improvements such as fencing, livestock water development, brush control, range seeding, et cetera, have steadily helped to improve the overall capability of Indian ranchers to manage their land and livestock more productively and profitably than they were able to do 50, 25, or 10 years ago. Improvement is a long-term evolutionary process and BIA must bring into focus the motivating forces and assistance that can help the process move in the right direction and to improve operations that are dependent upon the rehabilitation of existing range improvement while continuing new development that is necessary to intensively manage this resource. This requires maintaining existing and constructing new physical developments that are the basic livestock handling facilities and watering facilities for efficient and proper use of the forage production.

## MINERAL INVENTORIES OF INDIAN LAND

Mrs. HANSEN. You are requesting an increase of $1,537,000 for mineral, mining, irrigation, and power. What assistance is the geological survey providing in the mineral inventories program?

Mr. THOMPSON. As you note, we do have a $1 million request there for mineral inventory surveys on Indian lands and that was done to attempt to get the Indian communities geared up an inventory of resources point of view, or inventorying the resources on Indian lands in full anticipation that prior to the onslaught and demands for mineral exploration and development that we expect we will be in a position or the Indian communities will be in a position to at least hopefully know minimally what resources they do have and negotiate from strength.

The Alaskan Native situation is a very unique one as Madam Chairman knows very well. We have less than 1 percent of that particular State surveyed from a cadastral point of view.

We have got so much land up there that has never even been walked on by man that very little is known about it from a resource point of view. I must say the regional corporations that are attempting to implement the Native claims bill have taken some rather unique steps to attempt to find out, catalog exactly what resources they do have.

They have done this I think in many cases pretty forthrightly with private enterprise as the vehicle for having it done.

What we are attempting to do here, obviously $1 million would not even touch.

Mrs. HANSEN. You have coal, oil shale, geothermal, uranium, and oil.

Mr. THOMPSON. Oil and gas. One of the things we hope to do with this $1 million is to work with the Geological Survey to have them actually help us do the work, since they have got the greatest amount of expertise and background in this particular area, but it was just an effort to kind of help the Indian community catalog exactly the resources there on Indian lands.

Mr. WILES. This is a new effort. That is the first time.

### NATURAL RESOURCES RIGHTS PROTECTION

Mrs. HANSEN. You are requesting an increase of $1,029,000 for Indian natural resources rights protection. Please explain the impact of *Davis* versus *Morton*.

Mr. THOMPSON. Madam Chairman, I would prefer to defer that to Mr. Payton.

Mr. PAYTON. The *Davis* versus *Morton* case is one that resulted in the BIA having to take a look at all actions it takes with regard to the use of Indian lands.

Mrs. HANSEN. The land did belong to the Indians.

Mr. PAYTON. The land does belong to them. This did not change that attitude. Really all it said was that when a major Federal action is required, NEPA becomes operative, and it was defined as a major Federal action in this particular case with our approval of the development lease, and therefore an environmental impact statement had to be made. Further development under the terms of the lease was prohibited until an impact statement was prepared.

Mrs. HANSEN. This is going to be a rather important decision in regard to the oil shale lands?

Mr. PAYTON. I would assume so, yes.

Mrs. HANSEN. It would also have quite an impact on the four corners area.

Mr. PAYTON. All of the coal gasification plants and so forth, yes, ma'am.

Mr. YATES. How many acres of oil shale land do the Indians have?

Mr. LAFOLLETTE BUTLER. I am not sure of the acreage. The only known oil shale is on the reservation in Utah. I am not sure of the acreage the Indians own there. It was the subject of a recent action by the Secretary of the Interior about a year and a half ago to restore the minerals to them under the Indian Reorganization Act, to recognize their title to the oil shale.

We can get the acreage for the record.

[The information follows:]

There are 221,200 acres of oil shale reserve lands on the Uintah and Ouray Reservation in Utah.

Mr. YATES. Is that the only tribe?

Mr. LAFOLLETTE BUTLER. That is the only known deposits of oil shale that are owned by Indians, yes.

## WATER RESOURCES

Mrs. HANSEN. You plan to gather and record information necessary for Indian participation in the western United States water plan.

Do you want to give us some details as to what you are doing in this area because there is no one on earth more interested than the Indian people in water.

Mr. PAYTON. We have two people located in Denver, where the headquarters for this study is, who are working with the Bureau of Reclamation and other people who are charged with responsibility for the west wide water study.

They have been performing a liaison role between the tribes and this organization. Just recently the time span for completion was moved forward to June 30 of this year. We feel that we have been able, by virtue of having these two individuals playing this role, to make the essential Indian inputs into the plan, but it is not going to be as comprehensive as was first contemplated.

## REAL ESTATE AND FINANCIAL TRUST SERVICES

Mrs. HANSEN. Justify your requested increase of $2,412,000 for real estate and financial trust services.

Mr. PAYTON. Yes, ma'am.

The bulk of this increase is to actually eliminate tremendous backlogs that we have with leases, rights of ways, appraisals, et cetera.

Mrs. HANSEN. Why do you have such a large backlog?

Mr. PAYTON. The actual number of these transactions that take place is increasing quite rapidly, more rapidly than the Bureau can handle it.

## MANAGEMENT AND ADMINISTRATION

Mrs. HANSEN. You are requesting an increase of $535,000 for management and administration. Do you want to explain what this involves?

Mr. SYKES. Yes, ma'am.

Part of that cost will go into administration in the central office, because of this gearing up for contracting. There will have to be a great many regulations written. There will have to be a great many guidelines submitted.

Mrs. HANSEN. I understand, but every time you start a new program the Bureau downtown needs 1,000 new employees.

Mr. SYKES. No, ma'am, not 1,000.

Mrs. HANSEN. How many employees do you have in the Washington office?

Mr. SYKES. In Washington we have something like 300. In Albuquerque we are cutting back.

Mrs. HANSEN. How many did you have 5 years ago?

Mr. SYKES. We had many more than that, because just between 1973 and 1974 we have been told to cut our positions down from something like 1,315 down to 715. That includes the people in Albuquerque that work on the central accounting division and also in the central office, so we are cutting back and when Mr. Thompson reaches his own conclusions on the organization, we will be down considerably in Washington.

Mrs. HANSEN. How many of your employees are Indians?

Mr. THOMPSON. It is about 55 percent across the board. If you pulled out some of the school teachers, which we are talking about earlier, it would be well above 80 percent nationally.

### REDUCED EMPLOYMENT IN WASHINGTON, D.C.

Mr. MCKAY. You indicated you are going to reduce in Washington. Are you reducing your personnel overall, or are you just moving them from here to Albuquerque?

Mr. THOMPSON. No, it is an overall reduction. The central office staff, including Washington, including the data center in Albuquerque, some offices in Denver, are going from 1,315 lown to 715.

Mr. SYKES. Albuquerque is considered Washington in those totals.

Mr. MCKAY. Albuquerque is a branch of your Federal office.

Mr. SYKES. Not the Albuquerque area office but mainly the data section, financial management section there, where the computers are.

Mr. MCKAY. Is that considered the management section of the whole Indian program?

Mr. SYKES. Yes, sir.

Mr. MCKAY. Located in Albuquerque?

Mr. SYKES. It has been; yes, sir.

Mr. MCKAY. All programs emote from there and here.

Mr. THOMPSON. Policy, of course, is still going to be made in the central office. Albuquerque plays a key administrative role. It is probably the administrative center from an accounting point of view.

Mrs. HANSEN. That is where your data equipment is located.

Mr. THOMPSON. That is right.

Mr. MCKAY. How many regional offices do you have operating in a similar fashion to your data?

Mr. THOMPSON. We have 11 regional offices of the Bureau.

Mr. MCKAY. You have another management need for the BIA in that kind of concentration someplace else?

Mr. THOMPSON. I don't believe so. If I may, I am——

Mr. MCKAY. Data processing is one operation and education is another one. Do you have that located in another branch or regional office?

Mr. THOMPSON. What we have done over the years in the broad Bureau attempt of trying to get decisionmaking and authority down to the lowest level in our particular bureau, is to move. So 2 or 3 years ago we moved out the educational programs from the central office, split some of the functions between Washington and Albuquerque, so that there was a move then to go into the Albuquerque area.

Mr. MCKAY. That becomes the hub for Indian programs, aside from Washington.

Mr. THOMPSON. From an educational point of view.

Mr. MCKAY. What other functions, like public works or something else? Is that going to be in Albuquerque, too? Is this all of your programs, or do you have other centers? You said you moved the data bank to Albuquerque, the education to Albuquerque. How many others of those types of functions do you have?

Mrs. HANSEN. You had machines that sat there for 2 years with nobody able to operate them.

Mr. SYKES. That has been 6 or 7 years ago.

Mrs. HANSEN. It was quite awhile ago, but it is true.

Mr. THOMPSON. Our supportive services, we have plant design and school construction in Albuquerque.

Mr. MCKAY. Do you have any of the services that are not in Albuquerque? Maybe that would be an easier question.

Mr. THOMPSON. We have some technical engineering types in Denver. We pointed out earlier they are with the Missouri River Basin program. We have the Indian technical assistance center there. We have other local supportive offices.

Mr. MCKAY. Why don't you provide this for the record.

[The information follows:]

### *Location of central office field supportive offices*

#### *Albuquerque, N. Mex.*

1. School facilities.
2. Field services office—education.
3. Curriculum development and public school relations—education.
4. Safety management.
5. Fire protection office
6. Branch of roads.
7. Data systems control unit—plant management.
8. Division of financial management.
9. Land records improvement unit.
10. Indian affairs data center.
11. Plant design and construction.
12. Field service office, construction (irrigation).

*Brigham City, Utah*

1. Instructional service center—education.

*Denver, Colo.*

1. Police academy.
2. Indian technical center.
3. Forestry service center.
4. Field liaison Office, Indian affairs.
5. Plant management engineering center.

*Flagstaff, Ariz.*

1. Navajo-Hopi joint use.

*Seattle, Wash.*

1. Field liaison office, Indian affairs.

Mrs. HANSEN. Don't your area offices have an input into your Washington operations?

Mr. THOMPSON. The area directors currently support the commissioner.

## SAFETY MANAGEMENT PROGRAM

Mrs. HANSEN. You are requesting an increase of $250,000 for program support services. Will you please elaborate on your safety management program, because we have many people who are tremendously interested in the safety program.

Mr. CORNELIUS. I am Carl Cornelius, Acting Director of the General Management Services.

The safety program comes under my jurisdiction at this time. We have a small staff in Albuquerque, and we have at least two people in each area office throughout the whole BIA, and we are continuing under this OSHA safety programs at each installation of the Bureau.

What we are asking for is additional funds so we may carry on this program with all the tribal entities. It is pretty much limited to the Bureau system at this time.

### FACILITIES MANAGEMENT

Mrs. HANSEN. An increase of $8,522,000 is requested for facilities management, which we discussed earlier. Do you have any additional comments to make in this regard?

Mr. THOMPSON. Carl.

Mrs. HANSEN. $5,247,000 of this increase is for GSA space. I gather that is rental.

Mr. THOMPSON. That is $5 million for rental of space. We are currently as you know in a consolidation effort. A couple of years ago we were required to show this in our budgets, I believe for GSA rented spaces, as we have throughout the country. We are physically housed in many GSA rented offices.

Mrs. HANSEN. You have approximately 400,000 square feet of newly constructed buildings and related utility systems. Where are these located? Insert a list of those facilities in the record, Mr. Wiles?

[The information follows:]

1. Cherokee High School, Cherokee, N.C.
2. Phoenix Gymnasium, Phoenix, Ariz.
3. Red Lake Youth Center, Red Lake, Minn.
4. Red Lake Rehabilitation Center, Red Lake, Minn.
5. Crow Rehabilitation Center, Crow Agency, Mont.
6. Colorado River Rehabilitation Center, Parker, Ariz.
7. Greyhill Quarters, Tuba City, Ariz.
8. Kindergarten classrooms: Fort Berthold Agency, N. Dak.; Pine Ridge Agency, S. Dak.; Bethel Agency, Alaska; Nome Agency, Alaska; Tuba City Agency, Ariz. Chinle Agency, Ariz.; Hopi Agency, Ariz.; Fort Apache, Ariz.; Papago Agency, Ariz.

### MAINTENANCE OF FACILITIES

Mrs. HANSEN. There has been, as you are well aware, throughout the Department of the Interior, inadequate funds for maintenance almost to the point that reconstruction needs to be done.

Do you keep an inventory on the adequacy of your maintenance, with a schedule time for replacement?

Mr. CORNELIUS. I would like to have Mr. Dudley reply to that question.

Mr. DUDLEY. Yes, we keep an accounting each year of what we anticipate our costs will be. Our present thinking, however is over the years we probably have not been putting as much into maintenance as we should have.

This precipitated a consideration of what we have termed the total rehabilitation plan.

Mrs. HANSEN. If you don't spend enough money for maintenance it is going to lead to the necessity for construction. I have often thought this was pennywise and pound foolish, because you will end up spending more on maintenance. When maintenance costs become too high you should carefully evaluate whether it is more practical to construct a new facility.

Mr. DUDLEY. This is absolutely correct. This is one reason we have anticipated this.

Mr. HANSEN. It is going to be a very costly job to catch up on 10 years of inadequate maintenance. Someday your budget is going to be fantastic, through no fault of anybody but the budget procedure.

The committee has warned almost every bureau that we fund about this situation.

You have an average age of boarding schools, day schools, and dormitories in excess of 40 years. How many of these facilities can be phased out?

Mr. DUDLEY. Actually we continue to use them, depending on the needs of the operating programs, so that I don't think that we have at present a listing of buildings that could be phased out, but this would depend on the educational use or the use of the other bureau programs.

Mrs. HANSEN. I visited a small facility in Alaska, for example, and it might have been adequate 20 years ago, but it is not adequate in terms of today's program of education. I certainly saw no signs of any plans for rebuilding or even performing a survey as to whether this school was necessary to this particular village. What do you do in these cases?

### INVENTORIES OF MAINTENANCE NEEDS

Mr. DUDLEY. We do maintain an inventory of facilities that need to be either upgraded or replaced, in order to continue carrying on the Bureau programs. We have, and will furnish you, an inventory of additional needs in this area. I think it totals in the neighborhood of $500 million worth of additional school facilities, to bring the buildings up to what we consider appropriate.

We will furnish this information to the committee for its files.

Mrs. HANSEN. I looked at that school in Alaska. If you had a fire there you would have a total disaster.

Your equipment is old. I just hope the Government feels the necessity to do as well for the Indian world as it seems to do for some foreign countries.

### REDUCTION IN PERSONNEL COMPENSATION

Personnel compensation is being reduced by $13,892,000 and personnel benefits are down $1,325,000. Does this reflect your reduction of personnel?

Mr. SYKES. Yes.

Mrs. HANSEN. Reduced from the payroll.

Mr. SYKES. That is right. As Mr. Thompson said in his opening statement, they are target estimates. The best we can do at the moment, but we did have to move that one class to another.

### CONSTRUCTION

Mrs. HANSEN. Please insert justification pages 53 to 89 in the record.

[The pages follow:]

DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS

Construction

| | | |
|---|---|---|
| Appropriation 1974 | | $54,723,000 |
| Transferred to other accounts | | -116,065 |
| Appropriation (adjusted) | | 54,606,935 |
| Unobligated balance from prior year | | 39,155,658 |
| Total available for obligation | | 93,762,593 |
| **Decreases**: | | |
| Buildings and utilities | $67,833,898 | |
| Irrigation systems | 25,399,062 | |
| Land acquisition | 633 | |
| Direct Indian operations | 529,000 | 93,762,593 |
| Subtotal | | - |
| **Increases**: | | |
| Buildings and utilities | 26,832,000 | |
| Irrigation systems | 24,514,000 | |
| Direct Indian operations | 529,000 | |
| Total available for obligation | | 51,875,000 |
| Budget Estimate 1975 | | 51,875,000 |

BUREAU OF INDIAN AFFAIRS

Construction

Analysis by Activities

| Activity | Amount Available 1974 | Fiscal Year 1975 Estimated Total Available | Fiscal Year 1975 Unobligated balance from 1974 | Fiscal Year 1975 Budget Estimate | Total available 1975 compared to total available 1974 |
|---|---|---|---|---|---|
| 1. Buildings and utilities..... | $67,833,898 | $26,832,000 | - | $26,832,000 | -$41,001,898 |
| 2. Irrigation systems.......... | 25,399,062 | 24,514,000 | - | 24,514,000 | -885,062 |
| 3. Direct Indian operations.... | 529,000 | 529,000 | - | 529,000 | - |
| 4. Land acquisition............ | 633 | - | - | - | -633 |
|  | 93,762,593 | 51,875,000 | - | 51,875,000 | -41,887,593 |

| Activity | Bureau Assistance Programs FY 1974 | Bureau Assistance Programs FY 1975 | Contract and Grants to Indians FY 1974 | Contract and Grants to Indians FY 1975 | Total Programs FY 1974 | Total Programs FY 1975 |
|---|---|---|---|---|---|---|
| 1. Buildings and utilities..... | $67,833,898 | $26,832,000 | $521,000 | $521,000 | $68,354,898 | $27,353,000 |
| 2. Irrigation systems.......... | 25,399,062 | 24,514,000 | 8,000 | 8,000 | 25,407,062 | 24,522,000 |
| 4. Land acquisition............ | 633 | - | - | - | 633 | - |
|  | 93,233,593 | 51,346,000 | 529,000 | 529,000 | 93,762,593 | 51,875,000 |

1. Buildings and Utilities $27,353,000

## Construction of Facilities

This program provides construction funds for additional kindergarten classrooms and quarters; construction of Diomede Day School, Diomede, Alaska; completion of Grey Hill High School, Tuba City, Arizona; construction of student housing, Haskell Indian Junior College, Lawrence, Kansas; additional funds for the Navajo Community College, Tsaile Lake, Arizona; construction of Navajo Irrigation building, New Mexico; for advanced planning, design, and drawings; for water exploration and development; for technical assistance and service; and for the purchase of equipment for projects previously funded for construction.

A summary of projects by States and justification for each follows:

Buildings and Utilities Construction Program, Fiscal Year 1975

| Summary of Projects by States | Estimated Cost |
|---|---|
| New Construction | |
| Alaska | |
| Diomede Day School | $1,000,000 |
| Arizona | |
| Grey Hill High School Completion (III) | 6,500,000 |
| Navajo Community College | 1,000,000 |
| Arizona Total.... | $7,500,000 |
| Kansas | |
| Haskell Indian Junior College (III) | $2,850,000 |
| New Mexico | |
| Navajo Irrigation Building | $1,000,000 |
| Bureau-wide | |
| Kindergarten classrooms and quarters | 1,988,000 |
| Planning and Design | 720,000 |
| Water Exploration and Development | 100,000 |
| Deferred Equipment | 2,895,000 |
| Technical Assistance and Services | 3,500,000 |
| Total, New Construction. | $21,553,000 |
| Major Alterations and Improvements | 5,800,000 |
| Total, Construction, Buildings & Utilities.. | $27,353,000 |

DIOMEDE DAY SCHOOL, Alaska $1,000,000

Location: Little Diomede Island in the Bering Straits about half way between the Seward Peninsula and the Chukchi Peninsula of the Soviet Union. Three miles from Soviet Big Diomede Island.

Existing Conditions: Diomede Day School is the single most isolated school operated by the Bureau of Indian Affairs. The school building is situated near the rocky beach on the only school site available in the village. The school is in serious structural condition. It is too old and too dilapidated for rehabilitation and unless a new facility is provided soon there will be no school at all for the village children. There are serious heating problems in the staff quarters. Replacement will pose a problem because there is such a short season when construction is possible and transportation is limited to one stop a year of the BIA ship North Star. Construction materials will have to go in on the North Star unless special arrangements are made for another carrier to go to Little Diomede.

Proposed Facilities: Facilities for a K-8 educational program for 35 pupils include two classrooms, a school kitchen, storage, a guest room, one set of quarters, a generator and heating unit, water and sewage treatment plants and electric distribution system.

Project Cost Estimate

| | |
|---|---|
| Building Construction | $500,000 |
| Utilities and site work | 400,000 |
| Equipment | (30,000) |
| Job supervision | 60,000 |
| Contingencies | 40,000 |
| Total | $1,000,000 |

Grey Hill High School (III), Arizona $6,500,000

Location: Tuba City, Arizona approximately 75 miles north of Flagstaff, Arizona.

Existing Conditions: Construction of the first phase of the new Grey Hill School is complete. This facility provides modern, well-planned instructional space for about 750 students in grades 9-12 with 600 of this number in a boarding capacity. The first class of 9th graders has entered school this fall. The common use facilities for a completed school of 1,000 pupils are included in the present structure. As enrollment increases additional dorms and teaching spaces must be added. Although Grey Hill High School will draw students primarily from the Tuba City Agency, its enrollment will not be limited to Navajo children living near there. It will serve as a high school for those now having to attend secondary schools off the reservation.

This third phase of construction also provides 64 staff quarters since no rental housing is available in the Tuba City Area. This brings the total staff housing units up to 116.

Proposed Facilities: The proposal is to construct additional dormitory space for 400 pupils, additional classrooms, shops, swimming pool and landscaping to allow for an enrollment of 1,000 students. Sixty-four quarters and additional gym seating will also be included.

Project Cost Estimate

| | |
|---|---|
| Buildings Construction | $5,782,000 |
| Utilities and site work | 248,000 |
| Equipment | (660,000) |
| Job supervision | 170,000 |
| Contingencies | 300,000 |
| Total | $6,500,000 |

Navajo Community College, Arizona $1,000,000

Location: On the Navajo Reservation, Tsaile Lake, Arizona

Existing Conditions: Construction work for the college is well underway and is expected to be fully operational in about one year. Since fiscal year 1972 the Federal Government, through the Bureau of Indian Affairs has provided $5,500,000 towards the construction of the college facilities which when completed will provide space for 1,500 students. In fiscal year 1972, $500,000 was provided; in fiscal year 1973, $3,400,000 was provided; the President's Budget in fiscal year 1974 requested $1,600,000 for a total of $5,500,000. The purchasing power of this authorized funding level has been diminished because of the steady upward spiral of construction costs and it is now proposed to provide $1,000,000 additional to compensate for the inflation in construction costs. This will assist the Navajo Community College in completing the college buildings.

Project Cost Estimates:

| | |
|---|---|
| Buildings and Utilities | $1,000,000 |

Haskell Indian Junior College (III), Kansas $2,850,000

Location: Lawrence, Kansas

Existing Conditions:, The students attending Haskell represent a cross section of Indian youth from more than 30 states. The Haskell program of trade-technical and business training has been expanded to include college courses leading to a junior college degree. If Haskell is to continue to attract students there is an urgent need for new student residence halls. The present dorm facilities were not planned for college age young people and are at best minimum in terms of space and quality. The men's residence facilities under the football bleachers are in extremely poor condition. They should be closed as soon as possible. None of the home living units are adaptable for use by married students and there is an increasing number of married students interested in the Haskell program. The present home living units were built for high school students rather than for college age young people and at some future date will require extensive remodeling to convert them to college-type facilities.

Proposed Facilities: It is proposed to remodel existing facilities, and build modern college-type home living units for 260 men and women as the first portion of a program which will eventually provide college type facilites for 1,250 students. They will provide living and study space with the privacy and freedom that college students need. The dorm will include two person rooms, lounges and and other support spaces usually found in college dormitories. The $1,930,000 that was reprogrammed by the Appropriation Committee in F.Y. 1974 appropriation is part of this request.

In subsequent years, the balance of the rebuilding will be accomplished by constructing the remainder of the student housing, remodeling the existing academic school building, construction of a field house, fine arts building, warehouse and an administrative office building.

Project Cost Estimate

| | |
|---|---|
| Building construction | $2,184,000 |
| Utilities and site improvement | 446,000 |
| Equipment | (328,000) |
| Job supervision | 100,000 |
| Contingencies | 120,000 |
| Total | $2,850,000 |

Navajo Irrigation Building, New Mexico $1,000,000

Location: Farmington, New Mexico

Existing Conditions: The Navajo Indian Irrigation Project was authorized by the Act of June 3, 1962 (76 Stat. 96). Construction was started during Fiscal Year 1963.

At the present time the project's construction and planning offices are located in Farmington, New Mexico, in rented buildings.

Proposed Facilities: When the project is in operation, there will be a need for an administration office, a shop building for repair and maintenance of operating equipment, storage sheds and quarters for a watermaster, pump operator and ditch-rider.

The administration building will contain a vault, drafting rooms, conference rooms, two restrooms and twelve offices.

The location of these buildings will be south of Farmington, Sec. 21, which is central to the project's operations when it is completed.

Project Cost Estimate

| | |
|---|---|
| Building Construction | $ 643,000 |
| Utilities & Site improvement | 242,000 |
| Equipment | 20,000 |
| Job supervision | 50,000 |
| Contingencies | 45,000 |
| Total | $1,000,000 |

**Kindergarten Classrooms and Quarters, Bureau-Wide** **$1,988,000**

Location: The kindergarten units will be constructed at 16 locations throughout the United States.

Existing Conditions: The majority of Indian children who enter Bureau schools speak little or no English before they start school. This is a severe handicap and points out the need for a kindergarten experience for all Indian children. The nature and quality of learning experienced by the child at this age greatly influences his learning attitude and his success in later school endeavors.

Presently the Bureau operates an elementary school at all but one of the proposed locations. These funds are proposed to construct kindergartens for additional children at 16 locations and will allow for the continued expansion of the kindergarten program. The following table shows the proposed locations of the new facilities.

| Location | No. Classrooms | No. Quarters |
|---|---|---|
| Alaska | | |
| Stebbins | 1 | 1 |
| Kasigluk | 1 | 1 |
| Nunapitchuk | 1 | 1 |
| | 3 | 3 |
| New Mexico | | |
| Isleta | 1 | 0 |
| | 1 | 0 |
| North Dakota | | |
| Turtle Mountain | 2 | 2 |
| | 2 | 2 |
| South Dakota | | |
| Eagle Butte | 2 | 2 |
| Manderson | 1 | 1 |
| Ft. Thompson | 1 | 1 |
| | 4 | 4 |
| Navajo (Arizona, Utah, N.M.) | | |
| Leupp | 1 | 1 |
| Canoncito | 1 | 1 |
| Aneth | 1 | 1 |
| Dennehotso | 1 | 1 |
| Low Mountain | 0 | 1 |
| Toadlena | 1 | 1 |
| Sanostee | 1 | 1 |
| | 6 | 7 |
| Total | 16 | 16 |

Project Planning and Design, Bureau-wide $720,000

The Congress directed the Bureau to request funds initially for project planning and design work and then request construction funds when all planning is completed. It is proposed to accomplish all planning and design work, drawings and specifications for the highest priority projects with these funds. It has been determined that each of the projects will be needed for the foreseeable future.

There are many advantages to be gained by completing the design work for projects before requesting construction funds. They include the opportunity to clear all obstructions from the path of a project in an orderly and timely manner. Also, more accurate cost estimates can be prepared when the working drawings are complete. In addition, the program can be developed and the spaces needed for implementation of the program can be provided after full and complete discussion by all concerned parties.

Following are the projects to be designed in fiscal year 1975:

| | Design Cost | Preliminary Project Cost Estimate | |
|---|---|---|---|
| | | Construction | Equipment |
| Lower Brule High School, S.D. | $100,000 | $ 1,926,000 | $ 172,000 |
| Salt River Elem. School, Ariz. | 140,000 | 2,140,000 | 471,000 |
| Kyle High School, S.D. | 198,000 | 3,017,400 | 494,000 |
| Allen Elem. School, S.D. | 150,000 | 2,568,000 | 310,000 |
| Chitamacha School, La. | 72,000 | 963,000 | 107,000 |
| Ahfachkee School, Fla. | 60,000 | 802,500 | 27,000 |
| Total | 720,000 | 11,416,900 | 1,581,000 |

Design Drawings for the Future Construction of
Lower Brule High School, South Dakota $100,000

Location: On the Lower Brule Reservation about 90 miles south of Pierre and 35 miles from Chamberlain, South Dakota.

Existing Conditions: Population on the Lower Brule Reservation has increased 7% per year during the past 5 years due to an increase in available jobs and housing. The dropout rate of high school students has also decreased from 25% in 1971 to 7% since temporary facilities have been erected at Lower Brule for their program. Prior to this time the high school students attended various public schools. The construction of the Lower Brule Boys Ranch will add another 30 students by 1974. Another 10 students have moved in with BIA Agency personnel due to the division of the Pierre Agency into two separate agencies, one of which is located at Lower Brule. High school enrollment was twice the expected number of students and reached 145 by the end of 1972. The existing temporary facilities are crowded and inadequate and the campus is muddy and unimproved. Facilities for industrial arts, library and media center, storage and physical education are lacking making it difficult to carry on a minimum program. The present temporary buildings that will be abandoned when a new facility is built are needed for a day care center, adult education and other community programs.

Proposed Facilities: A completely new high school plant for 175 students will include general classroom space, science, home economics, industrial arts, art, music, and physical education facilities. Support facilities will include cafeteria, learning resource center, plant management shop and staff housing.

Project Cost Estimate

| | |
|---|---|
| Building Construction | $1,350,000 |
| Utilities and Site Improvement | 450,000 |
| Equipment | ( 172,000) |
| Job Supervision | 36,000 |
| Contingencies | 90,000 |
| Total | 1,926,000 |

## Planning and Design for the Future Construction of Salt River Elementary School, Arizona $140,000

**Location**: On the outskirts of Scottsdale, Arizona.

**Existing Conditions**: The present program at Salt River begins with kindergarten and goes through the sixth grade. Facilities are old and the buildings are hard to maintain. They are crowded and poorly designed so that good educational programs are difficult to operate. The projected K-8 enrollment is 400 pupils.

**Proposed Facilities**: It is proposed to plan and design a completely new K-8 facility for 400 pupils to replace the present school. The new facility will expand the present one by including instructional space for grade 8. Special use spaces for science, home economics, exploratory shops, physical education, art and music will be included along with support facilities such as a learning resource center, plant management shop, cafeteria and administration space.

### Project Cost Estimate

| | |
|---|---|
| Building construction | $1,680,000 |
| Utilities and site improvement | 320,000 |
| Equipment | ( 471,000) |
| Job supervision | 40,000 |
| Contingencies | 100,000 |
| Total | 2,140,000 |

### Planning and Design for the Future Construction of Kyle High School, South Dakota $198,000

Location: On the Pine Ridge Reservation approximately 20 miles north of Wounded Knee, South Dakota.

Existing Conditions: The present K-12 facility was built for elementary pupils but because of the need and demand the high school grades were added. This has over-crowded the school plant. Even with the addition of temporary classroom facilities for secondary students the plant is very inadequate. The auditorium has been divided into three classrooms so that it cannot be used for assemblies and programs. Madeshift classrooms for shop, art and science have been located in the basement of the old school and provide poor instructional space. The science lab does not even have water in the room. Home economics space is located in one small room. The small gymnasium must be used for dining space and this restricts its use for athletics and physical education. The library and media center have lost space to the high school business department and other classrooms needed for the academic program. Office space is also inadequate.

Proposed Facilities: The proposal is to construct a 300 student secondary school. This will allow the elementary grades to expand into the facilities originally provided for them. The proposed plant will include classroom or general instructional space, science, art, music, home economics, industrial arts and business laboratories, gymnasium, learning resource center, administrative space and the maintenance facilities required to take care of the school plant. Twenty staff quarters will also be included.

Project Cost Estimate

| | |
|---|---|
| Building construction | $2,400,000 |
| Utilities and site improvement | 420,000 |
| Equipment | ( 494,000) |
| Job supervision | 56,400 |
| Contingencies | 141,000 |
| Total | 3,017,400 |

Design for the Future Construction of Allen Day School $150,000

Location: 23 miles northwest of Martin, South Dakota and 110 miles east of Rapid City.

Existing Conditions: The school plant at Allen is 37 years old with the exception of a classroom and multipurpose room which was added in 1958. The old wooden structure is crowded and difficult to maintain. It has only two small offices and the small auditorium has been turned into a library. The art and some physical education classes are held in the basement rooms. The four classrooms will be inadequate to provide for the anticipated enrollment level of 300 students. The multipurpose room is very small and its use for lunch makes the scheduling of physical education classes difficult. Kindergarten and special education facilities are not included in the present building. The people in the community want their children to attend school at the home community through the ninth grade.

Proposed Facilities: The proposal is to replace the present facility with a new K-9 building for 300 pupils. The facility includes instructional space for pre-school, primary, intermediate and junior high school divisions, science, shop, home economics, music and art labs, gymnasium, learning resource center, kitchen/dining space and an administrative unit. A Plant Management shop, fifteen units of staff housing and landscaping will be included also.

Project Cost Estimate

| | |
|---|---|
| Building construction | $2,200,000 |
| Utilities and site improvement | 200,000 |
| Equipment | ( 310,000) |
| Job supervision | 48,000 |
| Contingencies | 120,000 |
| Total | 2,568,000 |

Design Drawings for the Future Construction of Chitimacha Day School, Charenton, Louisiana $72,000

Location: Charenton, Louisiana approximately 100 miles west of New Orleans and 5 miles northeast of Baldwin, Louisiana.

Existing Conditions: The small classroom and kitchen building (2,474 Sq. Ft.) was condemned for use by the local public school board nearly 40 years ago. It was given to the Bureau of Indian Affairs in 1935 to use as a school for the Chitimacha Tribe. Although repairs have been made the building is in extremely poor condition and inadequate for a modern educational program. A toilet building was added in 1950 and a temporary classroom was erected in 1972. The entire facility is either obsolete or inadequate for the children it serves.

Proposed Facilities: The projected enrollment for the K-9 program at Chitimacha is 75 pupils by 1975. A completely new school facility will replace the present structure and provide classrooms, learning resource center, special use spaces for science, art, music, exploratory shop, home economics, physical education and cafeteria. Building 901 (kitchen and classrooms) and 902 (toilet building) will be demolished and the temporary classroom will be converted to employee quarters.

Project Cost Estimate

| | |
|---|---|
| Building construction | $694,000 |
| Utilities and site improvement | 206,000 |
| Equipment | (107,000) |
| Job Supervision | 18,000 |
| Contingencies | 45,000 |
| Total | 963,000 |

### Planning and Design Drawings for the Future Construction of an Addition to Ahfachkee School, Florida $60,000

Location: 45 miles from Clewiston, Florida on the Seminole Reservation approximately 80 miles northwest of Hollywood.

Existing Conditions: The present facility is crowded and has no multipurpose room. One of the classrooms has already been divided to make a room for the kindergarten children. The children must eat lunch in their classrooms because no dining space is available. More office and storage space is badly needed. The teachers must also commute over 40 miles one way because staff quarters are not available at the school. The present enrollment of about 44 pupils will increase to 70 in the next year or so. The physical education program suffers in rainy weather because there is no facility to handle it.

Proposed Facilities: The proposal is to construct two additional classrooms, a multipurpose room, kitchen-dining room, and two-3 bedroom staff quarters. This will allow students to attend school nearer home and provide the support facilities so badly needed.

Project Cost Estimate

| | |
|---|---|
| Building construction | $563,750 |
| Utilities and site improvement | 186,250 |
| Equipment | ( 27,000) |
| Job supervision | 15,000 |
| Contingencies | 37,500 |
| Total | 802,500 |

### Water Exploration and Development, Bureau-wide $100,000

One of the most essential factors in planning schools and other facilities is the determination of the adequate supply of potable water. This is imperative in the arid region of the country, in Alaska where water development is relatively new and in other parts of the country at locations of Bureau facilities. It is proposed to drill exploratory wells, perform testing and develop the wells at the following locations in Fiscal Year 1975.

| Project Location | Estimated Cost |
|---|---|
| Big Coulee School, So. Dak. | $ 20,000 |
| Pine Ridge, So. Dak. | 25,000 |
| Allen Day School, So. Dak. | 20,000 |
| Red Lake School, Arizona | 25,000 |
| Colville Agency, Washington | 10,000 |
| Total | 100,000 |

## Deferred Equipment, Bureau-wide $2,895,000

In prior years funds have been appropriated by Congress for the construction of certain schools; however, funds for the purchase of equipment were not appropriated at that time. In order for the new plants to be operational the equipment items must be provided. It is proposed to purchase such equipment as desks, chairs, tables, cabinets, maps, beds, lockers, mattresses, linens, buffers, waxers, pots, pans, and other classroom, dormitory, and kitchen equipment for the following schools:

| Project Location | Estimated Cost |
|---|---|
| Casa Blanca, Elementary School, Arizona | $ 217,400 |
| Ramah School, New Mexico | 395,000 |
| Acoma School, New Mexico | 426,200 |
| Wanblee School, South Dakota | 591,900 |
| Kindergartens (Bureau-wide) | 383,000 |
| Dorm Replacement (4 locations) | 400,000 |
| Chevak School, Alaska | 178,600 |
| Hooper Bay School, Alaska | 136,900 |
| Alakanuk I School, Alaska | 166,000 |
| Total | 2,895,000 |

## Technical Assistance and Services $3,500,000

Staff and related expenses to provide the architectural, engineering and related technical services required for the design and construction of new facilities and the major rehabilitation of existing buildings and utilities required to complete Bureau buildings and utility systems. Also, to provide planning, design and construction advice to Indian tribes and Alaska Native organizations as requested by them.

## Major Alterations and Improvements Bureau-wide $5,800,000

Each year the average age of Bureau facilities increases with attendant demands for renovations as facilities become functionally obsolete. An additional burden to the program is the requirement for compliance with the Construction Safety Act of 1969 and the Occupational Safety and Health Act of 1970. Until new construction replaces the majority of existing facilities, the demands for major alteration and improvement projects will increase.

The estimate of $5,800,000 will provide for the continued elimination of unsafe and unsanitary conditions existing in Bureau plant facilities (including water and air pollution control projects); for correction of functional deficiencies; and for the modernization of existing facilities including the replacement of obsolete and deteriorated buildings and facilities which because of their relatively small size are not applicable for inclusion in the regular construction program. A high priority will be assigned to the correction of unsafe and unsanitary conditions with primary emphasis given to conditions existing in school and dormitory facilities.

## 2. IRRIGATION SYSTEMS $24,522,000

The budget estimate of $24,522,000 will provide a program of $17,200,000 for the Navajo Indian irrigation project being constructed by the Bureau of Reclamation and a program of $7,322,000 for the Bureau of Indian Affairs for the improvement, rehabilitation, betterment, and extension of Indian irrigation projects and related power systems.

On many Indian reservations, irrigated farming is the basic economic industry and in some areas the only industry available to the Indians. On these reservations where land and water are the primary and basic resources, early and full development for irrigated farming is necessary and urgent if the Indians are to realize any benefits from such resources. Moreover, because of the acute competition for water on and adjacent to Indian reservations, particularly in the arid and semi-arid west, there is greater danger of the loss of water to the Indians unless these water supplies are put to beneficial use. On many of the Indian reservations the use of water for irrigation is presently the highest and best use. There is an immediate need for water, and plans and programs for the development of this water have already been made. However, if in the future it should be determined that there is a higher and better use for the irrigation water, such water may be diverted for these purposes. In the meantime, however, the water should be developed and used for Indians in order to preserve the water for the ultimate economic development of the reservation.

It is proposed to develop as quickly as possible water supplies and distribution systems needed to irrigate all acreages of Indian lands that are susceptible to being economically irrigated. This involved the construction of new and authorized irrigation systems and the extension and/or rehabilitation of existing irrigation systems in order that all irrigable Indian lands which are feasible for irrigated farming can be developed to their ultimate productive capacity. By so doing, this program will provide a means by which the Indians can put to beneficial use much of their valuable water which now is flowing off the reservation and is being presently used or planned for use by off-reservation development.

Irrigated farming is a means of providing a better standard of living for resident reservation Indians and is oftentimes the only means available to the local Indians for improving their economic standard.

There are three irrigation projects that have related power systems which furnish power for the respective irrigation projects and Indian reservations. On these Indian reservations where the generation and/or transmission and distribution of power are an integral part of the irrigation project, such power systems are not only serving the primary purpose of furnishing electrical energy for project purposes but are authorized to furnish power to residents of the reservation as well as to local industrial and commercial enterprises on or adjacent to the reservation. Because of the dependency the consumers have upon these power systems and the contractual obligations, the Bureau has the responsibility to furnish a firm, adequate, and dependable power supply. To meet these obligations, as well as new power demands of the constantly growing number of customers, requires that the system be continuously improved, upgraded, and extended as any other such utility.

The irrigation construction program for fiscal year 1975 provides for the continuation of the construction, extension, rehabilitation, and betterment of irrigation and power facilities on certain listed irrigation projects and power systems. The program also provides for the continuation of the preparation of engineering and economic feasibility reports for existing and proposed projects for which such reports have not been completed.

The largest single irrigation construction program is the development of the Navajo Indian irrigation project, as authorized by Congress in 1962 and embracing 110,630 acres.

SUMMARY OF PROJECTS

| | Total Estimated Cost | 1975 Estimate | Justification |
|---|---|---|---|
| (a) Annual Contract Payments | | | |
| Fort Belknap.......... | $250,000 | $7,404 | For payment of the 33rd fixed annual contract installment due the Bureau of Reclamation for storage in Fresno Dam (No. 1-1-Ind-18725) 8-16-46. |
| Tongue River.......... | 360,750 | 9,750 | For payment of the 35th fixed annual contract installment due the Tongue River Water Users Assoc., for storage in the Tongue River Storage Reservoir (Act of 8-11-39; 53 Stat. 1411). |
| (b) Irrigation Construction and Rehabilitation | | | |
| Arizona | | | |
| Colorado River | | | |
| Irrigation.......... | 35,382,000 | 1,035,000 | See detailed justification |
| Power............... | --- | 725,000 | See detailed justification |
| Cocopah............... | --- | 73,000 | See detailed justification |
| Pima Agency<br>San Carlos Project<br>Indian Works...... | --- | 110,000 | See detailed justification |
| San Carlos Project | | | |
| Irrig. Joint Works.. | 31,000,000 | 509,000 | See detailed justification |
| Power............... | --- | 287,000 | See detailed justification |
| Vaiva Vo.............. | 1,414,000 | 440,000 | See detailed justification |
| Salt River............ | --- | 190,000 | See detailed justification |
| California | | | |
| Pala.................. | 596,000 | 30,000 | For drilling an additional well to increase the water supply. |
| Rincon................ | 504,000 | 30,000 | For drilling an additional well to increase the water supply. |

| | Total Estimated Cost | 1975 Estimate | Justification |
|---|---|---|---|
| California (con.) | | | |
| Hoopa................ | --- | $20,000 | For rehabilitation of distribution system which has been damaged by flood and is in deteriorating condition. |
| Idaho | | | |
| Michaud Project (Fort Hall)........ | $8,820,000 | 222,000 | See detailed justification |
| Montana | | | |
| Blackfeet............ | --- | 100,000 | See detailed justification |
| Crow................. | 2,618,800 | 143,000 | See detailed justification |
| Fort Peck............ | 3,788,300 | 218,000 | See detailed justification |
| Fort Belknap......... | --- | 43,000 | For rehabilitation of deteriorated distribution system. |
| Flathead Project Power.............. | --- | 235,000 | See detailed justification |
| Nevada | | | |
| Duck Valley.......... | 7,928,000 | 196,000 | See detailed justification |
| Fallon............... | 1,179,000 | 175,000 | See detailed justification |
| Pyramid Lake......... | --- | 175,000 | See detailed justification |
| Walker River......... | 1,080,000 | 150,000 | See detailed justification |
| New Mexico | | | |
| Navajo-Hogback....... | --- | 318,000 | See detailed justification |
| Navajo Project....... | 249,500,000 | 17,200,000 | See detailed justification |
| Northern Pueblos..... | 7,260,000 | 81,000 | See detailed justification |
| Southern Pueblos..... | --- | 104,000 | See detailed justification |
| Southern Ute......... | --- | 10,000 | Construct 25 miles of farm laterals. |
| Zuni Pueblo.......... | --- | 77,000 | See detailed justification |
| Utah | | | |
| Uintah and Ouray..... | --- | 110,000 | See detailed justification |

| | Total Estimated Cost | 1975 Estimate | Justification |
|---|---|---|---|
| Wyoming: | | | |
| Wind River.......... | $5,424,000 | $45,000 | For purchase of construction equipment and initiation of rehabilitation program. |
| (c) Surveys, Investigations and Plans.............. | --- | 608,000 | See detailed justification |
| (d) Engineering and Supervision............ | --- | 845,846 | See detailed justification |
| Total Estimate....... | | 24,522,000 | |

(b) Irrigation Construction and Rehabilitation, $23,051,000. The irrigation and power projects for which funds in excess of $50,000 have been requested and for which detailed justifications have been prepared are as follows:

Arizona

COLORADO RIVER PROJECT, $1,760,000. The funds requested provide $1,035,000 for irrigation construction and $725,000 for construction and rehabilitation of the related power systems.

Irrigation Construction, $1,035,000. The Colorado River irrigation project is one of the largest and potentially the most productive of the irrigation projects under the Bureau of Indian Affairs. Adequate water for the project's potentially irrigable area of 105,000 acres was assured in the decree issued by the Supreme Court in the case of Arizona vs. California. Extension of the project lateral system is essential if the Colorado River Indian people are to realize the income potential of the reservation area for which they have decreed water. The Colorado River Tribe desperately needs this program to continue its progress toward economic self-sufficiency. The entire economy of the reservation, except for relatively minor recreational development, is based on the agricultural business complex growing from the direct use of the water-right resource. This growth with accompanying cash income and job opportunities has been significant. Of the Indian people employed on the reservation, approximately 59 percent are working on jobs related to agriculture and its development.

Construction - Colorado River Irrigation Project:

| | | |
|---|---|---|
| Concrete lining of 6.3 miles of Lateral 90 from Tsosie Road to Main Drain...................... | | $690,000 |
| Extend Lateral 90 for 2.5 miles................. | | 295,000 |
| (1) Earthwork and right-of-way on Lateral 90 from Main Drain to Tyson Wash........... | $145,000 | |
| (2) Road crossing............................ | 70,000 | |
| (3) Water control structures....,............. | 80,000 | |
| Drill and equip two drain wells to relieve serious drainage condition in old Dixie Ranch area of the project....................... | | 50,000 |
| Total.............................. | | 1,035,000 |

Power System Construction and Rehabilitation, $725,000. The power system of the Colorado River Indian irrigation project serves 2,189 customers which number includes commercial, agriculture, and government customers. The power demand brought on by irrigation development on the reservation and by recreation, homesite, and industrial development has increased steadily at the rate of about 16 percent per year. During the last five years the active customer accounts have more than doubled. With this continuing load growth sections of the system have reached or exceeded their capacity, causing voltage drops which adversely affect customer service. The deficiencies were brought out in the 1967 power system study and report by R. W. Beck and Associates. The Beck report is being used as a guide for reorganizing, rehabilitating, upgrading, and extending the power system to keep pace with the growing economy in the area.

The proposed program for fiscal year 1975 will permit the continuation of work relieving the existing overload and will provide capacity needed to serve power customers adequately. The planned construction will promote the growth and success of enterprises which will benefit the Colorado River Indian Tribe. All funds advanced under this request will be repaid from power revenues collected from the sale of electrical energy. All funds appropriated prior to the 1965 fiscal year were repaid to the United States Treasury as of June 30, 1965.

The proposed work for the power system for the fiscal year 1975 is as follows:

Construction - Colorado River Power Project:

| | | |
|---|---|---|
| Construct short line extensions to existing distribution system. For construction of new customer short extension from existing distribution facilities. System growth at a rate of 300 new customers annually is projected | | $200,000 |
| Construct 69 KV - 12.5 KV substation at Big River Subdivision and 8 miles of transmission line | | 200,000 |
| Substation | $70,000 | |
| Transmission | 130,000 | |
| Rearm and reinsulate 12 miles of distribution system in Big River Subdivision for 12.5 KV distribution | | 100,000 |
| Construct a second 20,000 KVA 161-69 34.5 KV transformer and associated equipment at Headgate Rock Substation | | 225,000 |
| Transformer cost | $150,000 | |
| Other associated equipment | 75,000 | |
| Total | | 725,000 |

COCOPAH PROJECT, $73,000. The only natural resource owned by the Cocopah Tribe is a 528-acre land base. While this land lies within one of the most productive agricultural areas in the United States, there has never been a funding program available to develop these acres to their optimum production capability.

Of the 528 total acres, only 116 are considered to be properly developed and returning a fair market rental value to the tribe. An additional 128.47 acres are under lease but bring only a fraction of their true value.

The proposed funding would complete development on the 128.47 acres and incorporate, by subjugation, an additional 80 acres now in raw, brush covered condition.

The features of work proposed for fiscal year 1975 are as follows:

| | |
|---|---|
| Rehabilitate irrigation facilities and land development of 128.47 acres.............. | $34,000 |
| Construct irrigation facilities and perform land development for 80 acres......... | 39,000 |
| Total.............................. | 73,000 |

SAN CARLOS IRRIGATION PROJECT, $906,000. The funds requested provide for $110,000 rehabilitation of irrigation facilities on the Indian portion of the project and certain preconstruction activities, $509,000 for construction and rehabilitation of facilities of the joint works and $287,000 for power system construction and rehabilitation.

The San Carlos irrigation project was authorized by the Act of June 7, 1924, and is designed to irrigate 100,546 acres of land of which 50,546 acres are on the Gila River Indian Reservation and 50,000 acres within the non-Indian San Carlos Irrigation and Drainage District. All of the non-Indian lands and 41,000 acres of the Indian land have been prepared for irrigated farming.

Irrigation Rehabilitation and Construction - Indian Works, $110,000. The funds requested for fiscal year 1975 will be used to rehabilitate the following irrigation facilities serving the Indian lands of the Gila River Indian Reservation:

| | |
|---|---|
| Replacement of 100 inadequate crossings and turnout gates at $200 each................................ | $20,000 |
| 2.5 miles of 42-inch concrete lined ditch to PD-3.. | 30,000 |
| 8 miles of 28-inch concrete lined ditch............ | 60,000 |
| Total.............................. | 110,000 |

Irrigation Construction and Rehabilitation, $509,000. The flow of the Gila River is very erratic causing the project water supply to be unreliable. More than 120 wells have been drilled to supplement the river supply. In some years not more than 50 percent of the land can be farmed because of water shortages. Continuing severe drought conditions on the watershed of the Gila River have increased the need for pumping. The result has been a steadily declining groundwater table causing numerous wells to fail. New wells must be drilled to replace those that have failed and others must be deepened as the water table falls. Deepening requires additional well casing, column pipe assembly, larger electric meters, transformers, and protective equipment.

The irrigation construction work proposed for fiscal year 1975 is as follows:

| | |
|---|---|
| The drilling and equipping of 7 new wells.......... | $325,000 |
| Rehabilitation of 8 irrigation wells............... | 184,000 |
| Total.............................. | 509,000 |

Power System Construction and Rehabilitation, $287,000. The power system was designed and constructed primarily for pumping purposes. It now serves more than 5,800 customers and distributes more than 150,000,000 kilowatt hours of electric energy per annum. The system consists of two generating plants, 180 miles of high voltage transmission lines, 800 miles of distribution lines, and 22 substations.

Distribution line extensions are continually being required to provide service to new customers in the project area. These new customers include residential, commercial, agricultural, and industrial accounts.

The power construction work proposed for fiscal year 1975 is as follows:

| | |
|---|---|
| Line extensions to new customers, build distribution lines, purchase transformers, conductor and metering equipment.......................................... | $152,000 |
| Rebuild Collidge Dam Substation.................... | 135,000 |
| Total.................................... | 287,000 |

VAIVO VO IRRIGATION PROJECT, $440,000. This project is a feature of the Santa Rosa Wash Multiple-Purpose Project, Papago Indian Reservation, Arizona, authorized by the Flood Control Act of October 27, 1965 (79 Stat. 1073).

The construction by the Corps of Engineers of the Tat-Momolikot Dam and St. Clair Reservoir on the Santa Rosa Wash will control, regulate, and store floodflows originating on 1,750 square miles of watershed of the Santa Rosa, Jackrabbit, and Kohatk Washes, which have their confluence immediately above the damsite.

The Bureau of Indian Affairs is responsible for the construction of the Vaivo Vo irrigation project which is estimated to cost $1,414,000 (based on 1962 prices). The project will provide facilities for use of the stored waters for the irrigation of 1,640 acres of land within the Papago Indian Reservation. The work of this Bureau is being coordinated with the work of the Corps of Engineers. Work began on both the Santa Rosa Project and Vaivo Vo Project in fiscal year 1974.

The funds proposed for fiscal year 1975 will be used to continue the construction of the Vaivo Vo Project.

SALT RIVER PROJECT, $190,000. This project is located on the Salt River near Phoenix, Arizona, and has 9,300 acres of assessable irrigated land.

The features of work proposed for fiscal year 1975 are as follows:

| | |
|---|---|
| Drill and equip two deep wells..................... | $100,000 |
| Line 1/2 mile of main canal....................... | 50,000 |
| Rehabilitate and deepen two wells................. | 30,000 |
| Replace or repair 10 irrigation structures........ | 10,000 |
| Total.................................. | 190,000 |

Idaho

MICHAUD UNIT, $222,000. This project was authorized under the Act of August 31, 1954 (68 Stat. 1026). The construction was started in the fiscal year 1957 with an appropriation of $500,000 and has continued each year since as funds were made available. This unit of the Fort Hall project will irrigate 21,000 acres of excellent land (20,195 acres Indian owned and 805 acres non-Indian owned) lying between the cities of Pocatello and American Falls. The water supply for the unit is derived from stored water in American Falls and Palisades Reservoirs constructed by the Bureau of Reclamation. However, the water actually used is pumped from the Portneuf River in exchange for the stored water. A series of wells will also provide underground water to supplement the water pumped from the river.

The proposed work for the fiscal year 1975 is the drilling of 10 deep wells.

Montana

BLACKFEET PROJECT, $100,000. The Two Medicine Canal services approximately 28,000 acres in the Two Medicine unit of the project. In order to supply sufficient water, the capacity of the canal must be maintained at 500 cubic feet per second (cfs) of water. At the present time, because of restrictions in the canal, the capacity is below the amount required. The funds will be used to continue the enlargement of the canal to the required capacity.

CROW, $143,000. The Crow irrigation project consists of seven irrigation units. Three of the units have working agreements with private ditch and drainage districts or associations. Construction work authorized under the Act of June 28, 1946 (60 Stat. 333) is included in the conditions set forth in current contracts with the three irrigation districts. The work proposed for the fiscal year 1975 is the continuation of rehabilitation work and extension of the distribution systems serving these units prior to the takeover of the operation and maintenance programs of these units by the districts involved. The work includes the rehabilitation of diversion dams, canals, laterals, and structures.

FORT PECK PROJECT, $218,000. This project is located in northeastern Montana and was authorized by the Act of May 20, 1908 (35 Stat. 558). Construction was started in 1909 and continued as funds were made available and the need for additional farm land arose. The project originally consisted of five separated irrigation units. Three units are no longer in operations. The two operating units, which embrace an ultimate irrigable area of 24,623 acres, are the Wiota (Big Porcupine) Unit and the Frazer-Wolf Point Unit. Of the ultimate irrigable area, 24,623 acres, facilities have been constructed to serve 15,520 acres.

The basic industry on the reservation is livestock production. In order to meet the demand for winter feed there is an urgent need to extend irrigation facilities to certain of the lands not now irrigated and to rebuild and replace deteriorated irrigation facilities to certain of the other lands not now irrigated because of the need for rehabilitation.

The construction and rehabilitation work for this project is nearing completion. The program for the fiscal year 1975 is as follows:

| | |
|---|---|
| Construction of 10.0 Miles of laterals and 25 structures........................................ | $100,000 |
| Construction of 3.0 miles of drain.................... | 9,000 |
| Construction of Relift station......................... | 16,000 |
| Right of Way for Revetments............................ | 5,000 |
| Purchase of truck and construction of oil house........ | 43,000 |
| O & M During Construction.............................. | 10,000 |

| | |
|---|---|
| Rehabilitation of 5.0 miles of lateral and replacement of 20 structures.................... | $35,000 |
| Total.................................... | 218,000 |

FLATHEAD POWER PROJECT, $235,000. The power system on the Flathead Indian Reservation is now serving approximately 7,900 customers. The expansion of the Flathead Lake and Arlee areas are adding over 150 accounts per year. In order to meet this load growth, it will be necessary to increase Kerr substation capacity by the installation of a 15-MVA transformer as well as increase the number and size of distribution transformers. Consequently, the above funds will be used as follows:

| | |
|---|---|
| New Ravalli-Arlee 34.5 KV transmission line with 12.5 KV distribution underbuild........... | $110,000 |
| New 34.5/12.5 KV substation near Arlee.............. | 75,000 |
| Extension and enlargement of 3-phase feeders........ | 50,000 |
| Total.................................... | 235,000 |

Nevada

DUCK VALLEY PROJECT, $196,000. The Duck Valley irrigation project is within the Duck Valley Indian Reservation, which is located on the Nevada-Idaho State line with portions of the reservation lying in both States. This region is primarily a stock-raising country where the irrigated base properties are used to produce forage crops for winter livestock feed. Since about 1874 these hay crops have been the most important crop produced and there is every indication that hay production will continue to play a very important role in the economy of the reservation.

The project embraces 12,000 acres of which 11,045 acres are irrigated, in production, and are totally used by tribal members. Of the irrigated land, 4,100 acres have been developed to modern high standards of land development, and in addition 640 acres will be developed under the 1974 fiscal year program. Much of the unimproved irrigated land is still irrigated by sloughs and meandering small ditches used back in the days when the irrigation water sources were from natural flooding of the Owhee River. The main and firm source of water is from the normal flow of the East Fork of the Owhee River and from storage at Wildhorse Dam. These two sources will provide an adequate supply of water for the 12,000 acres when fully developed.

The features of work proposed for fiscal year 1975 are as follows:

| | |
|---|---|
| Construct 10 miles of canals and laterals with necessary structures...................... | $92,000 |
| Clearing and leveling 104 acres, construction of farm ditches, and establishment of first crop.......................................... | 104,000 |
| Total.................................. | 196,000 |

FALLON INDIAN IRRIGATION PROJECT, $175,000. The Fallon project is encompassed by the Newlands irrigation project within the Truckee-Carson irrigation district boundaries. The formation of the Fallon Indian Reservation was based upon the August 5, 1906, Agreement that Indians holding 160-acre allotments in the Carson Sinks area without water rights could exchange their lands for 10-acre allotments with a paid-up water right.

The present reservation consists of 5,480 acres of which 4,877.3 acres have a water right. Only 3,025 acres are presently irrigated. The remaining land has been declared non-irrigable. Senate Bill 1222, introduced on March 14, 1973, requested 2,640 acres of the Public Domain to be added to the reservation. This would add sufficient good quality arable land to enable the Indians to utilize their full water right.

The funds proposed for fiscal year 1975 would continue the rehabilitation of the project.

PYRAMID LAKE, $175,000. The Pyramid Lake irrigation project has an ultimate acreage of 5,963 acres of which 970 acres are presently in production and assessed. Irrigation facilities serving these lands include Numana Diversion Dam, a loose rock diversion dam, 15 miles of canals, 7 miles of laterals, and 141 water control structures.

The irrigated lands are farmed by Indians and are divided into assignments ranging in size from 2 to 83 acres with the average being about 16 acres. The overall development program provides for approximately 26 land units on the bottomlands. Each unit will provide for 100-head cattle operation. Full utilization of the rangeland will be attained when the cattle count reaches 2,600 head. This minimum land use unit meets the general needs as recommended by the University of Nevada, Fulcher's Economic Report, and the Nevada Indian Agency.

The proposed program for fiscal year 1975 will construct 10 miles of canals and laterals with necessary water control structures.

WALKER RIVER, $150,000. The Walker River irrigation project is located along the north end of Walker Lake in Mineral County, Nevada, and has an ultimate irrigable area of 4,000 acres, of which 2,750 are presently being served. The acres now being served include 200 acres of non-Indian owned land and 2,550 acres of Indian owned and operated land. The water supply is obtained from the natural flow of the Walker River and from storage in Weber Reservoir.

The distribution system serving the project was constructed in the early 1900's and is badly in need of major repairs.

At the present time some 81 Indian families of the resident population of approximately 500 individuals are engaged in agriculture, deriving all or part of their income from crops and livestock production.

The construction and rehabilitation program provides for the rehabilitation and improvement of the irrigation system now serving 2,750 acres and the extension of facilities to serve an additional 1,250 acres.

The work proposed for fiscal year 1975 under this request is to rehabilitate 22 miles of existing canals and laterals.

New Mexico

HOGBACK PROJECT, $318,000. This project embracing 9,614 acres is the largest and most important of the existing projects or units on the Navajo Reservation. A dependable water supply is obtained from the San Juan River. When this project is fully developed it will provide 250 farm units and support approximately 2,000 Navajo Indian people.

The Act of July 12, 1960 (74 Stat. 470) authorized the Secretary of the Interior to transfer all irrigation units on the Navajo Reservation to the Navajo Tribe. Under an agreement made pursuant to this Act by and between the Secretary of the Interior and the Navajo Tribe, the tribe accepted the responsibility for operation and maintenance of all completed portions of the Hogback unit. This unit should be completed at the earliest possible time in accordance with the agreement.

The work proposed for the fiscal year 1975 is the continuation of the concrete lining of the Hogback main canal for a distance of 4.1 miles.

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REGION SOUTHWEST

## PROJECT DATA SHEET

PF-65 (12-68)
Bureau of Reclamation

| Project and State | Completion Date | % Complete | Date |
|---|---|---|---|
| NAVAJO INDIAN IRRIGATION PROJECT, NEW MEXICO - BIA | After F.Y. 1980 | 26 1/ | 1-1-74 |

AUTHORIZATION Public Law 87-483, June 13, 1962, Amended September 25, 1970
Public Law 91-416

B/C RATIO 1.50 Date 1966

LAND CERTIFICATION None required

DEFINITE PLAN REPORT None required

SUMMARIZED FINANCIAL DATA

| | |
|---|---|
| Total Federal Obligations (Reclamation) | $ ........... |
| Total Federal Obligations (Other) | 247,780,000 |
| Net Property and Other Transfers | 2,346,000 |
| Cash Advances--Non-Federal | 220,000 |
| Adjustment (Reimbursement) 2/ | -846,000 |
| Total to be Allocated | $ 249,500,000 |

| | |
|---|---|
| Allotments to June 30, 19 73 | $ 57,198,385 |
| Allotments for F.Y. 19 74 | 14,000,000 |
| Allotments to Date | 71,198,385 |
| Allotments Required for F.Y. 19 75 | 17,200,000 |
| Balance to Complete after F.Y. 1975 | $ 159,381,615 |

ALLOCATIONS

| | |
|---|---|
| Irrigation | $ 249,500,000 3/ |
| Power | ....... |
| M & I Water | ....... |
| Recreation | ....... |
| F & WL | ....... |
| Flood Control | ....... |
| Other | ........ |
| Total | $ 249,500,000 |

REPAYMENT

| | |
|---|---|
| Amount Repaid by Irrigators | $ ........... |
| Amount Repaid by Power | |
| Amount Repaid by M & I Water | |
| Nonreimbursable | 249,500,000 |
| Total | $ 249,500,000 |

AMOUNTS PER ACRE

| | |
|---|---|
| Irrig. Invest. per Acre | $ |
| Repayment of Investment per Acre: | |
| By Irrigators | $ |
| By Power Revenues | |
| By M & I Water Users | |
| Payment Capacity per Acre | $ |
| Annual Charges: | |
| O & M | $ |
| Construction | |
| Total | $ |

STATUS OF REPAYMENT CONTRACT A form of contract between the United States, represented by the Bureau of Indian Affairs and the Bureau of Reclamation, and the Navajo Tribe of Indians which provides for deferring the collection of construction costs so long as the benefitted lands are in Indian ownership is under study.

DESCRIPTION This project is located in Rio Arriba and San Juan Counties in northwestern New Mexico. The project plan of development provides for placing a total of 110,630 acres under irrigation. The project plan will provide a livelihood for an estimated 6,550 Navajo families as farm operators, custom laborers and employees in related service activities, thus providing a higher standard of living for more than 33,000 Navajo Indians. The project also will provide a power supply of 23,000 kilowatts, primarily for operation of the project's pumping facilities. Included in the total cost is $9,298 for 510 acres of lands for right-of-way at an average cost of $18 per acre. Approximately 52 percent has been acquired. Included in the total cost is $390,000 for acquisition of 14,075 acres of privately-owned patented lands susceptible to irrigation lying adjacent to the Navajo Indian Reservation to increase the project area at an average cost of approximately $28 per acre; of which 80 percent has been acquired. Approximately 16 percent of the relocation work has been accomplished. The project lands are presently capable of providing only very poor grazing for livestock. When adapted to irrigation, they will be well suited for producing small grains, hay forage crops, vegetables and fruits.

PROJECT DATA SHEET--2
Navajo Indian Irrigation Project, New Mexico

Footnotes:

1/ Reduction in percent complete due to increase in total estimated obligations.

2/ Represents construction of roads and bridges funded from the road construction appropriation.

3/ Change in allocations and repayment from 1974 Budget Justifications:

| | 1974 Estimate | 1975 Estimate |
|---|---|---|
| Irrigation.................. | $207,500,000 | $249,500,000 |

The estimate was increased $42 million for indexing prices.

NAVAJO INDIAN IRRIGATION PROJECT, $17,290,000 1/

Work Proposed, FY 1975

Pumping Plants, $10,000. Provides for collection of field design data.

Canals, $13,535,000. Construction of Main Canal Mi. 20.2 - 20.9 and Mi. 26.4 - 32.8, consisting of Armenta, Kutz, West Kutz and Horn Siphons, Highway 44 Tunnel and open concrete lined canal will be completed. Construction will continue on another 14.5 miles of Main Canal Mi. 20.9 - 26.4 and Mi. 32.8 - 41.8, consisting of Tunnel No. 4 and approximately 13.5 miles of open concrete lined canal, which will reach the first block of lands to be irrigated. This construction includes pumping plant structures, a service road and Mi. 41.6 intercepting drain. A contract awarded in fiscal year 1974 for furnishing and installing the natural gas prime movers and pumps in the pumping plant structures to provide irrigation to Block 1 lands will continue. Construction will be started on the last 4.5 mile section of the Main Canal, Mi. 41.8 - 46.3, which includes Gallegos East and West Fort Siphons, open concrete lined canal and control checks. Construction will also be started on the Gravity Main Canal, Mi. 0.0 -14.5. Various contracts for relocation, removal, rearrangement, and alteration of oil and natural gas pipelines and appurtenant facilities and utility lines crossing canal right-of-way will also be executed. Collection of field design data and preparation of designs and specifications of the Amarillo Canal will continue.

Laterals, $1,890,000. Construction will continue on the distribution systems where initial water is scheduled to be available in the spring of 1976. Various contracts for relocation, removal, rearrangement and alteration of oil and natural gas pipelines and appurtenant facilities crossing lateral right-of-way will also be executed. Collection of field design data and preparation of designs and specifications for ensuing contracts for construction of lateral distribution systems for serving succeeding blocks of lands will continue.

Drains, $980,000. Construction will continue on the collector drains. Also, various contracts for relocation, removal, rearrangement and alteration of oil and natural gas pipelines and appurtenant facilities crossing drain right-of-way will be executed. Collection of field design and preparation of design data and preparation of designs and specifications will continue.

Navajo Dam Powerplant, $600,000. The electric power requirements for operation of the project pumping facilities will be fulfilled in part by a 23,000 kW hydroelectric powerplant at Navajo Dam. In order to have power available to meet pumping power requirements for irrigation of project lands lying above the Main Canal, scheduled for fiscal year 1979, a contract for construction of Navajo Dam Powerplant will be awarded late in fiscal year 1975. A contract to furnish and install the powerplant turbine will also be awarded so that the delivery and installation of the turbine can be integrated with the construction of the powerplant structure.

Power Transmission System, $100,000. The projects power transmission system will transmit the electric power from the power source to project pumping facilities. Part of the power transmission system is the Navajo Dam Powerplant Switchyard located at Navajo Dam and will be constructed under the same contract awarded for construction of the powerplant. Collection of field design data will continue. Acquisition of right-of-way will be completed.

Other Project Costs, $580,000. Includes the cost of constructing roads and bridges. Also includes costs for continuation of a program for developing a plan for settlement by the Navajos and for custodial operation and maintenance of completed project facilities.

Consolidated Expenditures and Credits, -$405,000. Represents nonappropriation cost transfers for Field Solicitor charges, miscellaneous items. Also includes an adjustment for the construction of roads and bridges for the Bureau of Indian Affairs funded from a separate allotment.

| Change in Total Obligations | Obligations |
|---|---|
| 1974 Estimate | $206,000,000 |
| 1975 Estimate | 248,000,000 |
| Increase | 42,000,000 |

The $42 million increase is due to application of cost indexing.

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1/ Includes a non-Federal advance of $90,000 in fiscal year 1975 by El Paso Natural Gas Company to cover additional costs due to change in the Main Canal alinement to accommodate the company's pipeline facilities.

NORTHERN PUEBLOS, $81,000. The work proposed for the Northern Pueblos for the fiscal year 1975 is:

| | |
|---|---|
| Picuris Pueblo | |
| Canal lining | $27,000 |
| Tesuque Pueblo | |
| Rehabilitate canal structures | 27,000 |
| Taos Pueblo | |
| Canal lining | 27,000 |
| Total | 81,000 |

SOUTHERN PUEBLOS, $104,000. The work proposed for the Southern Pueblos for the fiscal year 1975 and the projects or pueblos involved are as follows:

| | |
|---|---|
| Acoma Pueblo | |
| Canal lining | $26,000 |
| Jemez Pueblo | |
| Canal lining | 26,000 |

| | |
|---|---|
| Zia Pueblo | |
| Canal lining | $26,000 |
| Isleta Pueblo | |
| Canal lining | 26,000 |
| Total | 104,000 |

ZUNI, $77,000. The Zuni irrigation project consists of five separate units ranging in size from 100 acres at Tekapo to 1,600 acres at the Zuni unit. Ultimate development of these units is limited by the available water supply. There are 4,727 acres of irrigable land under the present irrigation system. Preliminary hydrology studies indicate there is enough water available to irrigate 3,000 acres, provide adequate storage facilities and distribution systems are constructed.

A recent study by the U.S. Bureau of Reclamation indicates that under maximum probable flood conditions, the storage dams upstream of the Zuni Village are not safe. If a maximum probable flood occurred, it would cause a disaster such as that which occurred in the early 1960's on the Blackfeet Reservation in Montana. This would result in loss of life, property damages in the Zuni Village, and property damage to the Zuni Reservation lands. Future planning outlined in the Zuni Comprehensive Development Plan includes development of residential, industrial, and commercial investments in and around the Zuni Village, which would also be endangered.

The irrigation program for the fiscal year 1975 is the continuation of the program for the correction of structural deficiencies as disclosed by the recent Bureau of Reclamation study.

Utah

UINTAH AND OURAY PROJECT, $110,000. This project, located in northeastern Utah, was authorized by the Act of June 21, 1906 (34 Stat. 375). Construction of the project was initiated in 1906 and substantially completed by 1922. There are 78,950 acres of land with water rights included in the project. About 30 percent of the project area is affected by inadequate surface or sub-surface drainage. A drainage construction and rehabilitation program is needed to relieve this situation in order to maintain the productivity of the land and/or bring back into production lands that are now temporarily non-assessable because of drainage problems.

This feature of work and estimated cost will provide for:

| | |
|---|---|
| Construct 5 miles of main and lateral drain | $50,000 |
| Rehabilitate 20 miles of canal | 60,000 |
| Total | 110,000 |

(c) Surveys, Investigations, and Plans, $608,000. This item represents the amount required for continuation of surveys, investigations, studies, and plans for the preparation of Feasibility, Completion (Definite Plan), and Rehabilitation and Betterment Reports to be made of all existing Indian irrigation projects under the jurisdiction of the Bureau of Indian Affairs. This work is necessary in order to establish a program for completing existing Indian irrigation projects presently authorized, developing additional Indian irrigation resources, and for the rehabilitation and betterment of existing irrigation works with a view to transferring the operation and maintenance of the completed projects from the Government to acceptable water user organizations. This item also provides funds for studies covering the safety of dams, studies of Pueblo lands included in the tributary units of the authorized San Juan-Chama Trans Mountain Diversion project, studies relating the Ute Indian lands included within the Central Utah project, and studies for improvement of project power systems.

(d) Engineering and Supervision $845,846. This item represents the amount required to pay salaries, office rent, travel expenses, and miscellaneous expenses incidental to executing the irrigation program proposed for the fiscal year 1975. Staff employees engaged in irrigation activities are located in Phoenix, Arizona; Billings, Montana; Portland, Oregon; Sacramento, California; Albuquerque, New Mexico; Window Rock, Arizona; and the Washington Central Office.

Personnel Summary

Construction

| | 1973 Actual | 1974 Estimate | 1975 Estimate |
|---|---|---|---|
| BUREAU OF INDIAN AFFAIRS | | | |
| Total number of permanent positions....... | 343 | 166 | 166 |
| Full-time equivalent of other positions... | 190 | 307 | 307 |
| Average paid employment.................. | 494 | 611 | 454 |
| Average GS grade......................... | 7.6 | 7.6 | 7.6 |
| Average GS salary........................ | $12,042 | $12,660 | $12,787 |
| Average salary of ungraded positions...... | $9,335 | $10,155 | $10,815 |
| ALLOCATION ACCOUNTS | | | |
| Total number of permanent positions....... | 111 | 131 | 138 |
| Full-time equivalent of other positions... | 5 | 6 | 6 |
| Average paid employment.................. | 117 | 135 | 142 |
| Average GS grade......................... | 8.5 | 8.5 | 8.5 |
| Average GS salary........................ | $13,967 | $14,701 | $14,878 |
| Average salary of ungraded positions...... | $11,859 | $12,272 | $12,575 |

ITEMIZATION OF ESTIMATE

DEPARTMENT OF THE INTERIOR
APPROPRIATION TITLE: Construction

Bureau of Indian Affairs

| | Actual 1973 | Estimate 1974 | Estimate 1975 | Increase (+) Decrease (-) |
|---|---|---|---|---|
| Program and Financing | | | | |
| Total obligations......... | $37,429,060 | $93,762,593 | $51,875,000 | -$41,887,593 |
| Transferred to other accounts................ | 58,622 | 116,065 | - | -116,065 |
| Unobligated balance available, start of year..... | -20,565,340 | -39,155,658 | - | +39,155,658 |
| Unobligated balance available, end of year....... | 39,155,658 | - | - | - |
| Appropriation......... | 56,078,000 | 54,723,000 | 51,875,000 | -2,848,000 |

ITEMIZATION OF ESTIMATE (con.)

| | Actual 1973 | Estimate 1974 | Estimate 1975 | Increase (+) Decrease (-) |
|---|---|---|---|---|
| Obligations by object | | | | |
| BUREAU OF INDIAN AFFAIRS | | | | |
| 11.0 Personnel compensation... | $7,378,000 | $9,262,000 | $6,527,000 | -$2,735,000 |
| Personnel benefits: | | | | |
| 12.1 Civilian............... | 536,000 | 709,000 | 483,000 | -226,000 |
| 21.0 Travel and transportation of persons........ | 449,000 | 600,000 | 500,000 | -100,000 |
| 22.0 Transportation of things. | 373,000 | 500,000 | 350,000 | -150,000 |
| 23.0 Rent, communications, and utilities.......... | 303,000 | 500,000 | 300,000 | -200,000 |
| 24.0 Printing & reproduction.. | 44,000 | 100,000 | 50,000 | -50,000 |
| 25.0 Other services........... | 2,762,000 | 3,000,000 | 500,000 | -2,500,000 |
| 26.0 Supplies and materials... | 2,803,000 | 4,000,000 | 4,984,000 | +984,000 |
| 31.0 Equipment................ | 1,210,000 | 4,500,000 | 2,895,000 | -1,605,000 |
| 32.0 Lands and structures..... | 4,858,060 | 52,003,593 | 17,086,000 | -34,917,593 |
| 41.0 Grants, subsidies and contributions.......... | 7,314,000 | 3,086,000 | 1,000,000 | -2,086,000 |
| Subtotal............ | 28,030,060 | 78,260,593 | 34,675,000 | -43,585,593 |
| Quarters and subsistence charges.................... | -17,000 | - | - | - |
| Total, Bureau of Indian Affairs........ | 28,013,060 | 78,260,593 | 34,675,000 | -43,585,593 |
| ALLOCATION TO BUREAU OF RECLAMATION | | | | |
| 11.0 Personnel compensation... | 1,549,000 | 1,865,000 | 1,956,000 | +91,000 |
| Personnel benefits: | | | | |
| 12.1 Civilian............... | 143,000 | 183,000 | 195,000 | +12,000 |
| 21.0 Travel and transportation of persons........ | 21,000 | 30,000 | 37,000 | +7,000 |
| 22.0 Transportation of things. | 53,000 | 61,000 | 67,000 | +6,000 |
| 23.0 Rent, communications, and utilities.......... | 17,000 | 26,000 | 31,000 | +5,000 |
| 24.0 Printing & reproduction.. | 10,000 | 17,000 | 18,000 | +1,000 |
| 25.0 Other services........... | 148,000 | 197,000 | 368,000 | +171,000 |
| 26.0 Supplies and materials... | 26,000 | 33,000 | 42,000 | +9,000 |
| 31.0 Equipment................ | 17,000 | 22,000 | 25,000 | +3,000 |
| 32.0 Lands and structures..... | 7,432,000 | 13,068,000 | 14,461,000 | +1,393,000 |
| Total, Bureau of Reclamation........... | 9,416,000 | 15,502,000 | 17,200,000 | +1,698,000 |
| Total obligations... | 37,429,060 | 93,762,593 | 51,875,000 | -41,887,593 |

## UNOBLIGATED CONSTRUCTION BALANCES

Mrs. HANSEN. Please provide a listing of unobligated balances, by project, at the end of fiscal year 1973. Please also show what unobligated balances are expected at the end of fiscal year 1974.

[The information follows:]

The unobligated balance of $39,155,658 is distributed by project as follows:

| | |
|---|---|
| Buildings and utilities construction: | |
| Sherman Institute, Cailfornia | $3,083,000 |
| Fairbanks dormitory, Alaska | 1,939,000 |
| Sitka Dormitory, Alaska | 2,202,400 |
| Napakiak School, Alaska | 752,000 |
| Red Lake community building, Minnesota | 230,000 |
| Fort Yukon dormitory, Alaska | 1,465,000 |
| Tok dormitory, Alaska | 1,465,000 |
| Rough Rock School, Arizona | 1,228,000 |
| Dillingham dormitory, Alaska | 1,970,000 |
| Fairbanks dormitory, Alaska | 1,250,000 |
| Casa Blanca Elementary School, Arizona | 1,500,100 |
| J. F. Kennedy classroom, Arizona | 39,500 |
| Kindergartens (bureauwide) | 1,135,000 |
| Zuni Rehabilitation Center | 600,000 |
| Rocky Boy School, Montana | 450,000 |
| Dunseith Public School, North Dakota | 465,000 |
| Public school planning assistance (bureauwide) | 200,000 |
| Phoenix School gymnasium, Arizona | 1,420,000 |
| Chemawa School, Oregon | 750,000 |
| Haskell Junior College, Kansas | 5,730,000 |
| Deferred equipment | 2,401,200 |
| Cherokee High School, North Carolina | 185,000 |
| Greyhill High School quarters, Arizona | 83,000 |
| Kodiak dormitory, Alaska | 70,800 |
| Stewart gymnasium, Nevada | 51,000 |
| Bethel dormitory, Alaska | 324,000 |
| Carter seminary, Oklahoma | 107,000 |
| Albuquerque vocational technical, New Mexico | 25,000 |
| Cheyenne Eagle Butte School, South Dakota | 81,031 |
| Total, buildings and utilities | 31,202,031 |
| Major alterations and improvements: | |
| Aberdeen area: | |
| Pine Ridge Agency, South Dakota | 105,800 |
| Rosebud Agency, South Dakota | 14,400 |
| Fort Berthold Agency, North Dakota | 4,300 |
| Turtle Mountain Agency, North Dakota | 152,000 |
| Standing Rock Agency, North Dakota | 25,000 |
| Winnebago Agency, Nebraska | 5,300 |
| Lower Brule Agency, South Dakota | 50,000 |
| Crow Creek Agency, South Dakota | 125,000 |
| Cheyenne River Agency, South Dakota | 5,100 |
| Total, Aberdeen | 486,900 |
| Albuquerque area: | |
| Northern Pueblos Agency, New Mexico | 25,000 |
| Ramah, N. Mex | 19,000 |
| Total, Albuquerque | 44,000 |
| Anadarko area: Concho School, Oklahoma | 135,400 |

| | |
|---|---|
| Juneau area: | |
| Bethel Agency, Alaska | $1,247,800 |
| Barrow, Alaska | 281,800 |
| Nome, Alaska | 390,108 |
| Mount Edgecumbe School, Alaska | 180,000 |
| Pilot Station, Alaska | 15,000 |
| Wrangell, Alaska | 85,000 |
| Fairbanks, Alaska | 17,700 |
| Total, Juneau area | 2,217,408 |
| Minneapolis area: Red Lake, Minn | 62,000 |
| Muskogee area: Jones Academy, Oklahoma | 47,000 |
| Navajo area: | |
| Shiprock Agency, Arizona and New Mexico | 20,800 |
| Tuba City Agency, Arizona | 84,300 |
| Eastern Navajo Agency, New Mexico | 102,200 |
| Chinle Agency, Arizona | 24,800 |
| Fort Defiance Agency, Arizona | 13,600 |
| Project Savings | 27,700 |
| Total, Navajo area | 273,400 |
| Phoenix area: | |
| Colorado River Agency, Arizona | 48,200 |
| Papago Agency, Arizona | 5,500 |
| Phoenix Indian School, Arizona | 226,000 |
| Nevada Agency, Nevada | 12,000 |
| Uintah/Ouray Agency, Utah | 5,000 |
| Pima Agency, Arizona | 12,000 |
| Truxton Canyon, Ariz | 20,000 |
| Hopi Agency, Arizona | 75,000 |
| Total, Phoenix area | 403,700 |
| Portland area: | |
| Area office (In lieu fishing sites), Oregon | 234,000 |
| Colville Agency, Washington | 30,000 |
| Western Washington Agency, Washington | 17,000 |
| Yakima Agency, Washington | 55,000 |
| Spokane Agency, Washington | 60,000 |
| Total, Portland area | 396,000 |
| Sacramento area: | |
| Hoopa Field Office, California | 14,000 |
| Madera Training Center, California | 8,400 |
| Total, Sacramento area | 22,400 |
| Southeast agencies: Choctaw Agency, Mississippi | 42,000 |
| Total, major alterations and improvements | 4,130,208 |
| Irrigation construction: | |
| Albuquerque area: | |
| Surveys and investigations | 80,000 |
| Southern Pueblos, N. Mex | 80,700 |
| Northern Pueblos, N. Mex | 87,600 |
| Jicarilla, N. Mex | 6,700 |
| Zuni, N. Mex | 60,300 |
| Mescalero, N. Mex | 60,000 |

| | |
|---|---|
| **Irrigation construction—Continued** | |
| Billings area: | |
| Surveys and investigations | $75,000 |
| Blackfeet, Mont | 22,200 |
| Crow, Mont | 73,300 |
| Fort Peck, Mont | 105,300 |
| Navajo area: | |
| Hogback, N. Mex | 73,400 |
| Navajo irrigation project, New Mexico | 1,500,000 |
| Phoenix area: | |
| Surveys and investigations | 182,000 |
| Colorado River, Ariz | 18,400 |
| Pyramid Lake, Nev | 159,100 |
| Walker River, Nev | 91,600 |
| Uintah/Ouray, Utah | 35,100 |
| San Carlos joint work, Arizona | 32,800 |
| San Carlos power, Arizona | 13,900 |
| Portland area: | |
| Surveys and investigations | 150,000 |
| Fort Hall-Michand, Idaho | 55,600 |
| Wapato additional works, Washington | 9,200 |
| Sacramento area: | |
| Surveys and investigations | 218,000 |
| Soboba, Calif | 129,700 |
| Pala, Calif | 24,600 |
| Rincon, Calif | 11,200 |
| Surveys and investigations (bureauwide) | 467,085 |
| Total, irrigation construction | 3,822,785 |

The unobligated balance as of June 30, 1974, is estimated to be $24,358,000.

### CONSTRUCTION OF KINDERGARTENS

Mrs. HANSEN. Will you also insert in the record the total number of kindergartens that you have in existence.

[The information follows:]

The Bureau has constructed 111 kindergarten classrooms and 71 quarters.

Mrs. HANSEN. How many more kindergartens do you plan to add in fiscal year 1975?

Dr. BENHAM. We are requesting 16 classrooms and 16 quarters in fiscal year 1975.

Mrs. HANSEN. The goal of the committee has been, as you well know, to complete the construction of your kindergartens, certainly in the federally sponsored schools. What percent of the needed kindergartens have been constructed? It seems to me there are a few more kindergartens unbuilt every year.

Dr. BENHAM. We have about 65 more to build beyond this year. We will check that for the record.

Mrs. HANSEN. When do you expect to complete the construction?

Dr. BENHAM. It depends upon the funding level that we are able to get.

Mrs. HANSEN. Can any portion of the existing facilities be rehabilitated and used for kindergartens?

Dr. BENHAM. Yes; I think you will find that is common practice. In many instances they are being used just that way.

Mrs. HANSEN. You still have a deficit of 65?

Dr. BENHAM. Yes.

Mrs. HANSEN. This is disturbing, because I think you realize if you don't have kindergartens, your first grade becomes a kindergarten.

Mr. THOMPSON. Very true.

Mrs. HANSEN. Some of your most successful programs have been in your kindergartens.

Dr. BENHAM. Mrs. Hansen, we have been able to get over the years a very impressive list of kindergartens, as the record will show, but there is this need.

### DIOMEDE SCHOOL

Mrs. HANSON. You are requesting $1 million for the Diomede school. Will this complete this facility?

Mr. THOMPSON. $1 million for Diomede will construct a new school there. When we finish the building, we have just completed a housing program, it will probably be one of the most unique construction programs in America. There are no landing facilities by air or by boat. Everything has to be constructed so two people can take it off of a skin boat. We completed 18 units of housing there that was put up almost in record time. It is really something to behold.

Mrs. HANSEN. Isn't this located on an island?

Mr. THOMPSON. This is out on the island where the only access to that island is the *North Star 3*, other than a military helicopter.

Mrs. HANSEN. Will it be completed in fiscal year 1975?

Mr. THOMPSON. I believe from a construction point of view we can do it in one construction season.

Mr. DUDLEY. Yes; it will take one construction season, if it is appropriated on July 1, 1974. It will be ordered and shipped the summer of 1975 and we will complete it approximately December 1975.

### NAVAJO INDIAN IRRIGATION PROJECT

Mrs. HANSON. You are requesting $17,200,000 for the Navajo irrigation project in New Mexico. This project is one of very great interest to the committee. Is that sufficient?

Mr. O'BRIAN. We think that will keep us on schedule.

Mrs. HANSEN. What will the $17,200,000 accomplish?

Mr. O'BRIAN. This will complete the main canal system up to block 1. We will deliver water to block 1 for the irrigation season of 1976.

Mrs. HANSEN. Have you obligated all the money included in last year's budget?

Mr. O'BRIAN. Not at this point in time.

Mrs. HANSEN. Will you obligate it before the end of the fiscal year?

Mr. O'BRIAN. Yes.

Mrs. HANSEN. Are you sure the Navajos won't be requesting another $10 million in fiscal year 1975?

Mr. O'BRIAN. I won't guarantee that, ma'am. We think the quantity we have in the budget is adequate to provide service in 1976.

Mrs. HANSEN. That is what you told me last year. What is the total amount of acreage you will open up to irrigation when the project is completed?

Mr. O'BRIAN. 110,600 acres; 11 blocks of about 10 thousand acres each.

Mrs. HANSEN. When is the final completion date?

Mr. O'BRIAN. 1986. A block a year starting in 1976 ending in 1986.

Mrs. HANSEN. What will be the financing required each year?

Mr. O'BRIAN. After this year it will run roughly about $20 million a year.

Mrs. HANSEN. $20 million a year until completion?

Mr. O'BRIAN. Yes.

Mr. MCKAY. Does this include more than a canal system?

Mr. O'BRIAN. It does not include any on-farm facilities. It is the main delivery system and the lateral, the pumping plant.

Mrs. HANSEN. Is there any of this land in dispute with the Zunis?

Mr. O'BRIAN. No.

Mrs. HANSEN. You can assure me this will do the job this year?

Mr. O'BRIAN. Yes.

Mrs. HANSEN. How much did you ask OMB for?

Mr. O'BRIAN. I think this represents what we asked OMB for.

Mr. YATES. In other words, OMB didn't cut it?

Mr. O'BRIAN. No.

Mr. WILES. I think $17 million was our request.

Mr. SYKES. That is correct.

Mr. WILES. I think this will satisfy the Navajo people. They were anxious to get water to the first block by the Bicentennial. This will do that, barring strikes or other problems.

Mr. YATES. Is this as fast as you can move on this?

Mr. O'BRIAN. I would have to query our field service. This is a good schedule to get the water on the land in 1976.

Mr. MCKAY. Are you ready to go faster in an engineering sense?

Mr. O'BRIAN. It is not very difficult to spend money in the construction business. I would say probably so, but we would probably get ahead of the schedule where the Indians would be in a position to move onto the land in an orderly fashion. Ten thousand acres of land is no mean piece of land, trying to irrigate in 1 year, settle, and get underway.

## NAVAJO FARM ORGANIZATION

Mr. MCKAY. What is going on to accommodate the opening of that first block? Is that already underway as to how they are going to allocate that land and who is going to run it the first year they turn water on it?

Mr. PAYTON. The Navajo Tribe has been doing quite a bit of detailed planning. The present plan calls for operation of the first 10,000 acres.

Mr. O'BRIAN. They also had a 2,200-acre pilot farm over near Shiprock they have been operating. They anticipated losing money for a number of years. Last year they made money. It is quite unusual for a pilot farm to make money, but they did. It was an excellent operation, in our opinion.

Mr. MCKAY. How many acres did you have?

Mr. O'BRIAN. 2,200 acres. That is a pilot farm and it is training Navajos.

Mr. YATES. What is the total project going to be?

Mr. O'BRIAN. $249 million.

Mr. WILES. 110,000 acres, Mr. Yates.

Mr. YATES. Which part of Arizona is this in?

Mr. WILES. It is in New Mexico, just south of Farmington.

Mr. MCKAY. Do you know what size allocations you are planning per person?

Mr. YATES. Can you point out Farmington on that map?

Mr. MCKAY. Can you indicate what size lots they are planning for allocation?

Mr. PAYTON. Present plans are to develop it as a tribal enterprise. It will be operated with general management, with one overall manager.

### GREY HILL HIGH SCHOOL

Mrs. HANSEN. $6,500,000 is requested for the Grey Hill High School. Does this provide for the necessary equipment?

Mr. THOMPSON. Dr. Benham can speak to that.

Dr. BENHAM. The justification there has equipment in parentheses, Mrs. Hansen, and that is a future year request.

Mr. YATES. Is this the center of arts and crafts in Arizona?

Dr. BENHAM. If there is a center, I would say it is at Window Rock proper. They have an arts and crafts shop there, and people bring in their things.

### NAVAJO COMMUNITY COLLEGE

Mrs. HANSEN. $1 million is requested for the Navajo Community College.

Is that the total amount needed to complete their construction?

Mr. SYKES. Mrs. Hansen, we completed that last year, the amount authorized in the bill. You will recall the bill had a provision in it that if the prices escalated since the time of the bill, they could come in for that. This $1 million is the escalation.

### HASKELL INDIAN JUNIOR COLLEGE

Mrs. HANSEN. Justify your request of $2,850,000 for the Haskell Indian Junior College.

Dr. BENHAM. This represents construction of dormitories for 210 students.

Mrs. HANSEN. How many students do you have at Haskell?

Dr. BENHAN. About 1,000.

Mrs. HANSEN. Where do they come from?

Dr. BENHAM. They come from all over the United States.

### NAVAJO IRRIGATION BUILDING

Mrs. HANSEN. You are requesting $1 million for the Navajo Irrigation Building, New Mexico. What does this involve?

Mr. PAYTON. This is in conjunction with the project we are just discussing. We are timing it just right.

Mrs. HANSEN. That is all that you need?

Mr. PAYTON. Yes, ma'am.

### RIVERSIDE SCHOOL, OKLAHOMA

Mrs. HANSEN. Congressman Steed tells me that you have completed the planning for Riverside in Oklahoma.

Mr. CARMODY. Planning is complete. The next phase is design. The money was added to our budget last year.

Mrs. HANSEN. Have you obligated those funds?

Mr. CARMODY. It will be obligated the latter part of this year.

Mrs. Hansen. It will be spent in fiscal year 1974?

Mr. Carmody. Yes, in fiscal year 1974.

### DELAY IN OBLIGATING FUNDS

Mr. McKay. Madam Chairman, hasn't it been delayed a year? You really impounded that for 1 year to hold it back?

Mrs. Hansen. I don't think they impounded the funds.

Mr. Carmody. The money wasn't available until somewhere in December.

Mrs. Hansen. We have seen this happen before. There is about 2 months that goes by before any funds are distributed. What happens?

Mr. Wiles. Madam Chairman, when the bill comes out of conference, the conference report is approved and it goes to the President and he has 10 days to sign it. From that day we have 15 days to submit apportionments to the Office of Management and Budget. Then they have 15 days to work on it. By the time it gets back to the Bureau and out to the field, I suppose another 2 or 3 weeks have gone, so you get up close to December before the money is right there. It is just the mechanics of the Federal accounting.

Mrs. Hansen. It is now the 26th of February.

Mr. Wiles. I don't know. John's an engineer, I am not. From there they have to draw up specifications and go out for bids for architects and what-not and get those bids back and evaluate them and if they come in too high you have to turn them down and put them out again.

There are all kinds of things in the construction business that can slow you down.

Mrs. Hansen. I understand, but this doesn't involve construction. It is just in the design phase. If construction is as slow as design, this can last through eternity.

### NAVAJO IRRIGATION BUILDING

Mr. Carmody. Planning is complete; the documents have been approved.

Mrs. Hansen. When do you intend to obligate the funds?

Mr. Dudley. We anticipate the architect selection process to take possibly 2 months.

Mrs. Hansen. Before you can obligate the funds?

Mr. Dudley. When we utilize architects and engineers we are required to follow the Federal procurement processes. It comes under regulations of the Interior Department and we are required to publish in the Commerce Business Daily the brief scope of work we propose to do and have a reasonable time for architects to advise us of their interest in working with us. After that occurs we are then required to consider each firm, and in some instances we have had as many as 120 firms to send us brochures which we have to review and this takes time.

We then evaluate them further together with the representatives of the Indian school boards that are concerned.

Mr. Thompson. Madam Chairman, I think in all deference to our particular Bureau, I think this is Government-wide.

Mrs. Hansen. I understand completely, but I don't think we have had such an interesting example as we have had today.

Mr. Dudley. This is why it will take at least another 60 days.

Mrs. Hansen. Another subcommittee chairman is very interested in this project, Congressman Steed. Since he handles the U.S. Treasury Department where the money is coming from, he is more than interested.

Mr. Wiles. Madam Chairman, I think if you deal with architects and professions like that, you have to go out for proposals and get these proposals back from those people who want to submit them and evaluate them.

Mr. McKay. You knew last October 4 the money was appropriated and was there. Why then do we have to wait before somebody starts this, "OK, architects, we published here, now get started." It seems you could accelerate that for 6 months.

Mrs. Hansen. The money is not spent yet.

Mr. Wiles. To be perfectly candid, you could do that, but you would be doing it like they say in Nevada, on a "come bet" because they could get all these people to submit proposals and then the money is impounded.

Mr. McKay. Madam Chairman, would you like to talk tomorrow about that supposed impoundment?

Mrs. Hansen. It was very intriguing to discover yesterday that we didn't have any money impounded in the Department this year. I think that is the most extraordinary progress we have made in over 8 years.

Mr. Wiles. I think we are in good shape this year. This is a major accomplishment and you have been very helpful along that line.

Mr. Sykes. We even got our supplemental add-ons approved rather quickly without any question.

Mrs. Hansen. If OMB ever impounds a supplemental that will be the last supplemental this committee will ever consider.

Mr. Wiles. I want to explain this very carefully. They did impound the $800,000 for that cadastral survey in the trust territory. The land survey. But it is released now.

They only impounded it to look at the contract to see whether they were getting their money's worth.

Mrs. Hansen. I am completely aware of the problems out there.

### SAN FELIPE SCHOOL

The San Felipe Pueblo Tribal Council has informed me that the Commissioner of Indian Affairs has told them that the proposed San Felipe Day School construction which was to be in fiscal 1975 is permanently dropped from any consideration.

They say:

> It is with dismay and utter displeasure we take this information. We want to reject most emphatically this move. We want to know firsthand the justification for this development. Monies have already been spent for planning and design. In fact, specifications, plans and designs have been completed. Years and years of promises in eager anticipation of the housing.
>
> Our Indian children have a chance to enhance their place in life and this is in jeopardy unless we are permitted to present our reasons to justify our concern.
>
> An injustice has been done to our people in the future.
>
> The delegates here today want very much to talk to the committee.

They can appear and speak at our public hearings, but in the meantime, Mr. Commissioner, what happened to the San Felipe?

Mr. THOMPSON. Well, several things, I think. The construction at San Felipe was reviewed in the light of the particular need in that particular community. If I may give some background on the San Felipe School. We were requested to build a school from kindergarten on. There is a school there through the second grade. The students are currently bused 15 miles to two public schools. I think Santa Domingo and Bernallillo.

So there are educational facilities within a close distance.

Recognizing that, and recognizing the current priorities we have set up within the Bureau, it was recognized that while there is a public facility available there was not a burning need for construction of this particular school at this time based on the construction priority requests that we have. So basically they do have a school at home, kindergarten through the second grade, and then a public school 15 miles away for the later years.

Mrs. HANSEN. In what state are the public schools?

Mr. THOMPSON. The public schools, currently, I understand, there are approximately 400 students. One school is majority Indian—I believe that is the Santa Domingo School.

The other school has a lot of Spanish-speaking people in it, so the Indians are not really in this particular case—it is my understanding—are not, you know, in a really segregated situation.

In other words, they are going to a majority Indian school in Santa Domingo and are going to school with other minorities in the other situation. Both are in reasonable driving distance, 15 miles.

Mrs. HANSEN. Do they go to both?

Mr. THOMPSON. Yes. It is my understanding, for the reason that one school cannot accommodate the entire population from San Felipe.

Mrs. HANSEN. I have visited this area. Don't they regard the school as kind of a center of their community life?

Mr. THOMPSON. I am not that intimately familiar with San Felipe. I would hope that would be their feeling. Educationally it is very healthy.

I think, however, in light of the fact that we do have other Indian students who do not really have secondary education opportunities that close to home that our rationale could be upheld here since there is public education available within busing distance, and they are bused. In other words, we are not depriving them of an education. They do have the opportunity of course of going closer to home for the very critical first couple of years, and then being bused to the other school.

No one can argue, and I don't think we do, with the fact that they would like a school close to home. As we indicated earlier, philosophically, that is the goal of, I am sure, both Congress and ourselves. This is one of those situations.

I have no fault with the council requesting it. If I were in their shoes, I would request the school also. I think in the light of the things we were discussing today our rationale is that they do have public education on or near the reservation.

Mrs. HANSEN. Was this to be a Bureau school?

Mr. THOMPSON. It would have been operated as a Bureau school.

Mrs. HANSEN. Do they prefer a Bureau school to a public school?

Mr. THOMPSON. Of course this again you know is something that pleases the Bureau, which from time to time is not regarded as the most efficient organization in Government, so that the Indian community can get exposed to some of the others.

### SITUATION IN ALBUQUERQUE

Mrs. HANSEN. I visited a school in Albuquerque. Half of the students were going to the Albuquerque boarding school there and another segment were going over to public schools in Albuquerque. This seems a strange situation with half empty classrooms. Has that situation changed?

Dr. BENHAM. No. The situation is the same in that in 1958 I believe an agreement was made with the Albuquerque public schools to where the youngsters in the bordertown dormitory part of it would attend the public schools and the other youngsters would go ahead and attend the Albuquerque school.

Mrs. HANSEN. That seems like kind of a strange arrangement, in view of this San Felipe situation.

Dr. BENHAM. The situation that has evolved there, Mrs. Hansen, is something like this. That as the years have progressed and facilities have become available nearer home, this has had a tendency to reduce the enrollment of the Albuquerque school whereas the other has remained constant. That is what it has evolved out of.

Mrs. HANSEN. How many students do you have in the Albuquerque school?

Dr. BENHAM. I will check the record. Four hundred is the information I get. The bordertown dormitory was originally 350 youngsters, so that was the total.

Mrs. HANSEN. Why doesn't the whole 750 go to the public school?

Dr. BENHAM. Yes, this would be possible, but the feeling was that the commitment had been made, and provision had been made for the youngsters in the public schools and that was the background on it.

Mrs. HANSEN. It struck me as a very strange situation. That wasn't the only one there. They weren't using a home economics class, a lovely training and practice house, because they had changed their class hours and couldn't do a good home economics program at that hour. They told me that that would be changed the first of March because the principal was going to retire. The retirement of a principal in the middle of a school year is one of the hazards under the civil service system that you have to cope with.

Dr. BENHAM. It does happen.

Mrs. HANSEN. That is a very haphazard arrangement, to make replacements in the middle of the year in the faculty because of the Civil Service rules. There should be some kind of a provision so that this doesn't occur.

### FORT TOTTEN SCHOOL

I have received another letter in regard to the Fort Totten school:

> In the report that accompanies the Interior appropriations bill for fiscal year 1973, page 13, it was recommended that a budget estimate of $265,000 for planning and design of a high school at the Fort Totten Reservation in North Dakota be deleted. The question has been raised as to whether the construction

of this school would be in the best interests of the Indian students from a long-range standpoint.

In order to arrive at a factual judgment the committee included funds for a feasibility study. It is my understanding that the study has now been completed and I believe Dr. Benham, Acting Director of the Office of Indian Education Program of the Bureau of Indian Affairs, will be prepared to respond to questions as to the recommendations when he appears.

I would also at this time like to request an opportunity to appear before your panel along with Mrs. Evelyn Young, Fort Totten tribal chairman, and other interested parties.

Do you have a comment?

Dr. BENHAM. Madam Chairman, the survey is complete and it was done by a reputable firm in regard to looking into the feasibility, and it supports the need for a high school at Fort Totten. I have this copy of the study with me.

Mr. THOMPSON. Fort Totten or Devils Lake.

Dr. BENHAM. It supports the need for a high school at Fort Totten.

### CHEMAWA SCHOOL

Mrs. HANSEN. I don't see any construction funds in the budget for the Chemawa school.

Dr. BENHAM. Planning is complete, design has started and will be complete by approximately January 1975.

Mrs. HANSEN. That is taking longer than the other one.

Mr. DUDLEY. The architect is currently working on the drawings. He has completed the basic design and is working with the working drawings at this time.

Mrs. HANSEN. How many students are you planning for at that facility?

Dr. BENHAM. 600.

Mrs. HANSEN. Where do you expect them to come from?

Dr. BENHAM. From the Northwest.

Mrs. HANSEN. The States of Oregon, Washington, and Idaho. Will they also come from Montana?

Dr. BENHAM. I think mainly from the three States you mentioned. I would have to check the Montana part of it.

Mrs. HANSEN. Will you please insert in the record for us the Indian population of Oregon, Washington, and Idaho, and the potential student population of those States.

[The information follows:]

The Indian population for Washington, Oregon, and Idaho are as follows:

| | |
|---|---|
| Washington | 33, 386 |
| Oregon | 13, 510 |
| Idaho | 6, 687 |

The school age population is as follows:

| | |
|---|---|
| Washington | 11, 923 |
| Oregon | 5, 184 |
| Idaho | 2, 627 |

Mrs. HANSEN. Please insert in the record the names of the schools involved in your deferred equipment items. Also insert in the record a list of schools involved in your kindergarten classrooms and quarters projects, project planning and design, and water exploration and development projects.

[The information follows:]

KINDERGARTEN CLASSROOMS AND QUARTERS BUREAU-WIDE $1,988,000

| Location | Number of classrooms | Number of quarters |
|---|---|---|
| Alaska: | | |
| Stebbins | 1 | 1 |
| Kasigluk | 1 | 1 |
| Nunapitchuk | 1 | 1 |
| Subtotal | 3 | 3 |
| New Mexico: Isleta | 1 | 0 |
| North Dakota: Turtle Mountain | 2 | 2 |
| South Dakota: | | |
| Eagle Butte | 2 | 2 |
| Manderson | 1 | 1 |
| Fort Thompson | 1 | 1 |
| Subtotal | 4 | 4 |
| Navajo (Arizona Utah New Mexico): | | |
| Leupp | 1 | 1 |
| Canoncito | 1 | 1 |
| Aneth | 1 | 1 |
| Dennehotso | 1 | 1 |
| Low Mountain | 0 | 1 |
| Toadlena | 1 | 1 |
| Sanostee | 1 | 1 |
| Subtotal | 6 | 7 |
| Total | 16 | 16 |

PROJECT PLANNING AND DESIGN, BUREAU-WIDE—$720,000

| | Design cost | Preliminary project cost estimate | |
|---|---|---|---|
| | | Construction | Equipment |
| Lower Brule High School, South Dakota | $100,000 | $1,926,000 | $172,000 |
| Salt River Elementary School, Arizona | 140,000 | 2,140,000 | 471,000 |
| Kyle High School, South Dakota | 198,000 | 3,017,400 | 494,000 |
| Allen Elementary School, South Dakota | 150,000 | 2,568,000 | 310,000 |
| Chitamacha School, Louisiana | 72,000 | 963,000 | 107,000 |
| Ahfachkee School, Florida | 60,000 | 802,500 | 27,000 |
| Total | 720,000 | 11,416,900 | 1,581,000 |

*Water exploration and development, Bureau-wide*

| *Project location* | *Estimated cost* |
|---|---|
| Big Coulee School, South Dakota | $20,000 |
| Pine Ridge, South Dakota | 25,000 |
| Allen Day School, South Dakota | 20,000 |
| Red Lake School, Arizona | 25,000 |
| Colville Agency, Washington | 10,000 |
| Total | 100,000 |

*Deferred equipment, Bureau-wide*

| *Project location* | *Estimated cost* |
|---|---|
| Casa Blanca, Elementary School, Arizona | $217,000 |
| Ramah School, New Mexico | 395,000 |
| Acoma School, New Mexico | 426,200 |
| Wanblee School, South Dakota | 591,000 |
| Kindergartens (Bureau-wide) | 383,000 |
| Dorm Replacement (4 locations) | 400,000 |
| Chevak School, Alaska | 178,600 |
| Hooper Bay School, Alaska | 136,900 |
| Alakanuk I School, Alaska | 166,000 |
| Total | 2,895,000 |

## TECHNICAL ASSISTANCE AND SERVICES

Mrs. HANSEN. $3,500,000 is requested for technical assistance services. What does this involve?

Mr. DUDLEY. Technical assistance and services represents the staff and related expenses to provide the architectural and engineering facilities and related technical services required for the design and construction of new facilities and for the major rehabilitation of existing buildings and utilities necessary to complete the Bureau buildings and utilities systems, and also to provide planning, design, and construction advice to Indian tribes and Alaska Native people as requested.

Mrs. HANSEN. You are requesting $100,000 for a design of a school in South Dakota. How many public schools is this near?

Dr. BENHAM. I will have to see which one you are referring to.

Mrs. HANSEN. The Lower Brule Reservation. I want to know if there are any public schools near the reservation.

Mr. THOMPSON. We will supply that, Madam Chairman.

[The information follows:]

Reliance High School, South Dakota, is approximately 20 miles from the Lower Brule Reservation.

## DEFERRED EQUIPMENT

Mrs. HANSEN. Does this complete all your deferred equipment that you have been accumulating?

Dr. BENHAM. For previous projects, yes.

Mr. SYKES. Projects which will be ready for 1975.

Mrs. HANSEN. Are there any of these schools in which the equipment cannot be installed in 1975?

Mr. WILES. As I understand this, there is no equipment being requested for the new schools to be built in 1975. This is equipment to put in schools where the construction will be completed in 1975 and ready to open.

Mrs. HANSEN. It will all be completed, Mr. Carmody?

Mr. CARMODY. We have to obligate the money in this fiscal year. Some might be finished up in August or September of the following fiscal year.

## MAJOR ALTERATIONS AND IMPROVEMENTS

Mrs. HANSEN. $5,800,000 is requested for major alterations and improvements bureauwide. This is going to provide for the continued elimination of unsafe and unsanitary conditions. What percent of the total need will this meet?

Mr. DUDLEY. We would guess approximately 10 percent. We have a listing of all of the backlog in this type of program that we can make available.

## INTERMOUNTAIN SCHOOL

Mr. McKAY. Could I ask a question? This morning, Mr. Thompson, you indicated that the Intermountain School would continue for another year, and that things would remain pretty much the same.

Mr. THOMPSON. If I may, with the caveat that I thought we had a gentleman's agreement that we wouldn't reduce staff unnecessarily,

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but if we had staff there for 2,100 students obviously we would want to take a look.

Mr. McKay. The question remains do you make the policy or do you make the policy in Window Rock?

Mr. Thompson. Of course, obviously the policy of closing a major governmental facility such as Intermountain is not made locally. Since the rights of employees could become involved, the recommendations made from the Navajo area on staff reductions for that particular facility, it would be brought to my attention.

Mr. McKay. Apparently it hasn't been from our discussion this morning, because I just got a call, and at the staff meeting this morning at Intermountain Indian, they had an order from Window Rock, and they are proceeding to phase out the school, and the RIF reductions will continue without abatement. That was the order out of Window Rock. I would hope we can get our coordinations and our communications straight here somewhere along the line, but it appears there are some discrepancies here between what is going on out there and down through the bureaucracies. Maybe they are undercutting you as to what your intent was and what I have understood your intent was. With that in mind, look into it, and we will talk with you further.

Mr. Thompson. Fine. Thank you, Congressman.

Wednesday, February 27, 1974.

## COLORADO RIVER IRRIGATION AND POWER PROJECT

Mrs. Hansen. The committee will come to order.

Last year, the committee added $1 million for the Colorado River irrigation and power project. I believe the committee left to your discretion the allocation of those funds between power and irrigation. If I recall, the Colorado River Indians are a very enterprising group of people who have done well agriculturally, but they had problems on their powerplants and on their transmission lines.

How did you allocate that $1 million?

Mr. Payton. They split the money $700,000 for irrigation work and $300,000 for power. Mostly, the irrigation works were earthwork and concrete ditch linings, and there were some water crossing structures.

The power distribution system included fixtures and conductors in the amount of $160,000, and $140,000 worth of transformers in an effort to extend the short lines to the service users.

In the 1975 budget, there is contemplated $1,760,000 to be split again between irrigation work and power.

Mrs. Hansen. Will this bring their power program up to where it will handle the needs?

Mr. Payton. That is our information, and at the end of fiscal year 1975, they will be caught up with the backlog they have had in the past few years.

Mrs. Hansen. The committee was very interested in that because they did an outstanding job with their testimony last year. As I understand they have a number of leases on that land, and it has been very productive.

### SAN CARLOS IRRIGATION PROJECT

What is the status of the San Carlos irrigation project?

Mr. PAYTON. They spent $740,000 in fiscal 1974. We have programed $906,000 for 1975.

### PAPAGO IRRIGATION PROJECT

Mrs. HANSEN. You have a project, I believe, on the Papago Reservation. What does this involve?

Mr. PAYTON. This is a budget to continue a project which started in 1974 and was funded in the amount of $400,000. The 1975 budget contemplates $440,000. Presumably, this can be completed in fiscal year 1976 if the funding level stays at about $400,000. The total cost is $1,114,000.

Mrs. HANSEN. Last year, the committee received a request for irrigation money for one project that was almost a hundred years old. Which one is that?

### COMPLETION COST OF COLORADO RIVER PROJECT

Mr. PAYTON. The Colorado River is the oldest one.

Mrs. HANSEN. Will this bring it to completion?

Mr. PAYTON. No, ma'am. We are somewhere between two-thirds and three-fourths completed in subjugating the total acres.

Mrs. HANSEN. You will need between another $1 and $4 million?

Mr. PAYTON. No, ma'am, it will be more than that. We will have to supply that for all those projects which are underway.

[The information follows:]

## IRRIGATION CONSTRUCTION
(Time Funding Schedule)

| | Total Estimates Cost | Expenditures to 06-30-73 | Appropriation FY 74 | Request FY 75 | Balance to Complete |
|---|---|---|---|---|---|
| Navajo Project | 249,500,000 | 57,198,135 | 14,000,000 | 17,200,000 | 161,101,615 |
| Colorado River Project | | | | | |
| Irrigation | 35,382,000 | 20,380,146 | 1,700,000 | 1,035,000 | 12,266,854 |
| Power | (A) | 2,301,906 | 900,000 | 725,000 | 800,000 (A) |
| San Carlos Project | | | | | |
| Joint Works | 31,000,000 | 15,042,859 | 390,000 | 509,000 | 15,058,141 |
| Indian Works | 4,320,000 | 1,516,383 | 0 | 110,000 | 2,693,617 |
| Power | (A) | 6,679,052 | 250,000 | 287,000 | 305,000 (A) |
| Flathead Project | | | | | |
| Power | (A) | 3,812,722 | 215,000 | 235,000 | 250,000 (A) |
| Vaiva Vo Project | 1,414,000 | 0 | 400,000 | 440,000 | 574,000 |
| Duck Valley Project | 7,928,000 | 3,812,000 | 200,000 | 196,000 | 3,721,908 |
| Zuni Project | 517,000 | 156,826 | 70,000 | 77,000 | 213,174 |
| Misc. Pueblos | 7,260,000 | 5,137,860 | 172,000 | 185,000 | 1,765,000 |

(A) Expansion of power systems is dependent upon customer demands. Present programs are designed to remove the lag in meeting customer demands. After lag is removed a reduced program must continue to keep pace with demand expansion.

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### WATER PROBLEMS IN OIL SHALE DEVELOPMENT

Mrs. Hansen. I would think you are going to be rather concerned about your water supply, as oil shale exploration is expanded. Much of the Indian lands lie in areas which do not have too plentiful supply of water.

A couple of years ago, when the Department considered the expansion of oil shale exploration and the possibility of leasing, we had a discussion with, as I recall, the Geological Survey on what was going to happen to the underground water and how it will eventually affect Indian supplies.

The Geological Survey requested a supplemental budget last year to further explore the impact of oil shale exploration on underground water. I am wondering if the BIA is working in consultation with the Geological Survey on this problem?

The thing that I don't want to happen is to wake up some morning and suddenly discover that some of your southwest reservations are out of water.

Mr. Thompson. That is really a very, very severe problem. Obviously, for example, in the State of Arizona, they are pumping their ground water and each year the ground level is going down and down. If oil shale is going to further reduce ground water, then those southwest tribes, as well as citizens, other American citizens in that part of the country, are in for a very severe problem.

Mrs. Hansen. This is what I wanted to point out and I hope you will provide some input into the discussions.

We are all interested in supplying energy. However, the same thing is true in your geological areas. No one knows the impact of what geothermal development is going to have on the earth's crust. The same thing can happen with water in the Southwest.

I hope you will have some input into this water discussion so that you have a good knowledge of what oil shale development means relative to the water situation as it directly affects your lands all through the Southwest.

Mr. Payton. As was indicated yesterday, the only known major source of oil shale is on the eastern side of the Ute Reservation. We are working up there.

Mrs. Hansen. The Columbia River in Canada is a long way from parts of Washington and Oregon. But what happens in Canada means a great deal to the lower river. I can see the same situation occurring in your area.

### CENTRAL UTAH PROJECT

Mr. Payton. This does affect the Colorado River certainly, and the central Utah project is tied in and USGS, working with BIA technicians and the Ute Tribe, are getting right with the kind of thing you are looking for here.

Mr. McKay. I would hope that the Department would begin to push the Interior people and the Bureau of Reclamation to complete the central Utah project because it relates to the Ute Indian Tribe and the agreement they made earlier and if they don't get with it that Tribe of Indians is being shafted in the total. In order to get that completed, it has to be so the Utes will get their share of what is coming to them. We would like to see that move along.

## ROAD CONSTRUCTION

Mrs. HANSEN. Please insert justification pages 90 through 94 in the record at this point.

[The pages follow:]

DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS

CONTRACT AUTHORITY AND LIQUIDATION PROGRAM

| | Contract authority available | Obligations | Unliquidated obligations prior year | Obligations | Expenditures | Unliquidated obligations carried forward |
|---|---|---|---|---|---|---|
| | | | Fiscal Year 1973 | | | |
| Federal-Aid Highway Roads.. | $55,181,679 | $52,758,566 | $21,792,760 | $74,551,326 | $40,630,645 | $33,920,681 1/ |
| | | | Fiscal Year 1974 | | | |
| Federal-Aid Highway Roads.. | 57,000,000 | 57,000,000 | 33,920,681 | 90,920,681 | 57,000,000 | 33,920,681 2/ |
| | | | Fiscal Year 1975 | | | |
| Federal-Aid Highway Roads.. | 60,000,000 | 60,000,000 | 33,920,681 | 93,920,681 | 63,500,000 | 30,420,681 3/ |

1/ Available cash for liquidation is $19,431,668; balance of $14, 489,013 is unfunded.

2/ Available cash for liquidation is $5,431,668; balance of $28,489,013 is unfunded.

3/ Available cash for liquidation is $931,668; balance of $29,489,013 is unfunded.

DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS

Status of Cash Appropriations for
Liquidation of Contract Authority

| | 1973 | 1974 | 1975 |
|---|---|---|---|
| Appropriations............ | $45,539,000 | $43,000,000 | $59,000,000 |
| Unexpended balance brought forward......... | 14,523,313 | 19,431,668 | 5,431,668 |
| Total available....... | 60,062,313 | 62,431,668 | 64,431,668 |
| Less: Outlays............ | 40,630,645 | 57,000,000 | 63,500,000 |
| Unexpended balance.... | 19,431,668 | 5,431,668 | 931,668 |

JUSTIFICATION

ROAD CONSTRUCTION (LIQUIDATION OF CONTRACT AUTHORITY) $59,000,000

Liquidation Program (Cash)

Liquidation of Contract Authority (Cash Program) - 1973, $40,630,645; 1974, $57,000,000; 1975, $63,500,000.

The estimate for the Road Construction Cash Program for fiscal year 1975 is $63,500,000 including $4,500,000 unexpended balance. This amount is required to liquidate $33,921,000 of unliquidated prior year obligations and the 1975 program obligations that come due for payment during the fiscal year. This cash program will result in unfinanced obligations of $29,489,013 at the end of the 1975 fiscal year.

Contract Authorization Program (Obligations) $60,000,000

Indian reservation roads - 1973, $52,758,566; 1974, $57,000,000; 1975, $60,000,000.

The contract authorization program originates in the Federal-Aid Highway Act. The Federal-Aid Highway Act of 1973 contains authorization in the amount of $75,000,000 to cover fiscal year 1975.

Need for Increase:

The Federal Government is responsible for the transportation system of 177 reservations, pueblos, and rancherias. This area of responsibility is equivalent to an area the size of the States of Pennsylvania, Maryland, and West Virginia.

A comprehensive road needs study of the reservation areas has been made pointing up an overall backlog of need of $924,000,000 to provide roads that are presently needed.

From this total backlog of needs, an immediate goal is to improve up to an adequate surface all of the arterial roads, all of the main connecting roads, all of the streets, and 50 percent of the local access roads. The cost of this immediate objective is $628,447,000. This immediate objective at the proposed level of funding is scheduled to be accomplished with a 7-8 year accelerated road construction program which began in fiscal year 1973.

Adequate roads can mean the difference between almost total isolation and easy mobility which in turn is the major factor affecting educational, economic and social development of reservation communities. Most reservations are isolated from centers where basic services are available. Existing roads are, in many cases, meager trails with 84 percent of the total Bureau road mileage being earth surfaced. The prime reason why the average non-Indian communities are more developed than the average Indian community is that the non-Indian communities have adequate roads which allow the necessary interaction with twentieth century facilities.

Since Indian people have become more involved in developing their reservations, the requests for road improvements have greatly increased and exceed available funds. Improvement projects to provide all-weather, dustfree surfaces of community streets are generally very high on the priority list of Indian requests.

The revervations are in generally isolated rural areas thereby causing transportation to be an essential factor in the accomplishment of the objectives. Tax-free Indian lands are not served adequately by State and county roads. Most reservations are situated where no county governments exist, and in the instances where county governments do exist they are not financially able to carry out the road function.

The 1973 Federal-Aid Highway Act extended the roads responsibilities of the Bureau to include roads serving villages, groups, or communities in which Indians or Alaska Natives reside, in addition to the traditional requirement of serving various forms of Indian lands. Additional funds are needed to meet these added responsibilities.

Recent legislation requires the safety inspection of all bridges on the Bureau road system, and encourages the replacement of all unsafe and hazardous structures. This responsibility requires funds beyond the normal road improvement program level.

The National Environmental Policy Act of 1969 has placed additional workload upon this program. It is estimated during fiscal year 1975 that the required environmental impact studies and the preparation and review of environmental impact statements will require 14 man years and approximately $168,000 in personal services to perform this work.

The recent Occupational Safety and Health Act sets forth standards for equipment and work procedures which add considerable to the unit cost of road construction.

The following is a brief synopsis of the 1975 fiscal year program of Indian reservation roads:

| | |
|---|---|
| 1. Grading and draining | 446 miles |
| 2. Paved surfacing | 577 miles |
| 3. Gravel surfacing | 148 miles |
| 4. Bridge construction | 2,803 linear ft. |
| 5. Project planning | 663 miles |

## Personnel Summary

### Road Construction (Liquidation of Contract Authority)

| | 1973 Actual | 1974 Estimate | 1975 Estimate |
|---|---|---|---|
| BUREAU OF INDIAN AFFAIRS | | | |
| Total number of permanent positions....... | 460 | 452 | 416 |
| Full-time equivalent of other positions... | 612 | 1,067 | 1,115 |
| Average paid employment.................. | 1,004 | 1,466 | 1,480 |
| Average GS grade......................... | 7.6 | 7.6 | 7.6 |
| Average GS salary........................ | $12,042 | $12,660 | $12,787 |
| Average salary of ungraded positions...... | $9,535 | $10,155 | $10,815 |
| ALLOCATION TO FEDERAL HIGHWAY ADMINISTRATION DEPARTMENT OF TRANSPORTATION | | | |
| Total number of permanent positions....... | 33 | 31 | 31 |
| Full-time equivalent of other positions... | 2 | 2 | 2 |
| Average paid employment.................. | 35 | 33 | 33 |
| Average GS grade......................... | 8.2 | 8.2 | 8.2 |
| Average GS salary........................ | $13,918 | $14,763 | $12,514 |

## ITEMIZATION OF ESTIMATE

DEPARTMENT OF THE INTERIOR
APPROPRIATION TITLE: Road Construction (Liquidation of Contract Authority)

Bureau of Indian Affairs

| | Actual 1973 | Estimate 1974 | Estimate 1975 | Increase (+) Decrease (-) |
|---|---|---|---|---|
| Program and Financing | | | | |
| Total obligations...... | $52,758,566 | $57,000,000 | $60,000,000 | +$3,000,000 |
| Unobligated balance available, start of year.................. | -55,181,679 | -2,423,113 | -95,423,113 | -93,000,000 |
| Unobligated balance available, end of year.................. | 2,423,113 | 95,423,113 | 110,423,113 | +15,000,000 |
| Contract authority (New) (Perm).... | - | 150,000,000 | 75,000,000 | -75,000,000 |

ITEMIZATION OF ESTIMATE (con.)

| | | Actual 1973 | Estimate 1974 | Estimate 1975 | Increase (+) Decrease (-) |
|---|---|---|---|---|---|
| | Obligations by Object | | | | |
| | BUREAU OF INDIAN AFFAIRS | | | | |
| 11.0 | Personnel compensation.... | $10,526,000 | $14,688,000 | $14,859,000 | +$171,000 |
| | Personnel benefits: | | | | |
| 12.1 | Civilian............... | 775,000 | 1,085,000 | 1,099,000 | +14,000 |
| 21.0 | Travel and transportation of persons............. | 520,000 | 550,000 | 550,000 | - |
| 22.0 | Transportation of things.. | 530,000 | 530,000 | 530,000 | - |
| 23.0 | Rent, communications, and utilities........... | 1,946,000 | 1,900,000 | 2,000,000 | +100,000 |
| 24.0 | Printing and reproduction. | - | 100,000 | 100,000 | - |
| 25.0 | Other services........... | 14,333,000 | 10,000,000 | 12,000,000 | +2,000,000 |
| 26.0 | Supplies and materials.... | 3,230,000 | 10,000,000 | 10,000,000 | - |
| 31.0 | Equipment................. | 2,126,000 | 2,000,000 | 2,000,000 | - |
| 32.0 | Lands and structures...... | 16,835,566 | 14,613,000 | 12,937,000 | -1,676,000 |
| 41.0 | Grants, subsidies and contributions........... | 264,000 | - | - | - |
| 42.0 | Insurance claims and indemnities............ | 2,000 | - | - | - |
| | Subtotal............ | 51,087,566 | 55,466,000 | 56,075,000 | +609,000 |
| | Quarters and subsistence charges.................... | -75,000 | -75,000 | -75,000 | - |
| | Total, Bureau of Indian Affairs.... | 51,012,566 | 55,391,000 | 56,000,000 | +609,000 |
| | ALLOCATION TO FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION | | | | |
| 11.0 | Personnel compensation.... | 402,000 | 397,000 | 417,000 | +20,000 |
| | Personnel benefits: | | | | |
| 12.1 | Civilian............... | 35,000 | 35,000 | 36,000 | +1,000 |
| 21.0 | Travel and transportation of persons............. | 129,000 | 129,000 | 129,000 | - |
| 22.0 | Transportation of things.. | 42,000 | 42,000 | 42,000 | - |
| 24.0 | Printing & reproduction... | 6,000 | 6,000 | 6,000 | - |
| 25.0 | Other services........... | 418,000 | 418,000 | 418,000 | - |
| 26.0 | Supplies and materials.... | 7,000 | 7,000 | 7,000 | - |
| 32.0 | Lands and structures...... | 707,000 | 575,000 | 2,945,000 | +2,370,000 |
| | Total, Federal Highway Administration.. | 1,746,000 | 1,609,000 | 4,000,000 | +2,391,000 |
| | Total obligations..... | 52,758,566 | 57,000,000 | 60,000,000 | +3,000,000 |

### ROAD CONSTRUCTION OBLIGATIONS

Mrs. HANSEN. Your obligation program is increasing from $57 million in 1974 to $60 milion in 1975. Is this increase adequate to make some dent in your road construction backlog? The authorization level under the Federal Highway Act is $75 million.

Mr. THOMPSON. The answer to your question is yes. We are hopeful the moneys we have available will go toward upgrading—as we pointed out yesterday in the road program for this fiscal year, we have a lot of new construction. That new construction, however, is primarily geared to upgrading existing roads. For example, moving from dirt to gravel, gravel to pavement in most instances and very little of it is toward new physical construction. So the moneys we have laid out here in 1975 will make a lot of improvements on the tribal roads.

Mrs. HANSEN. Well, you have 177 reservations, pueblos, and rancherias.

### COMPARISON OF INDIAN TO STATE ROADS

You say, this area of responsibility is equivalent to an area in the order of the size of the States of Pennsylvania, Maryland, and West Virginia.

How many miles of roads do you need to complete so that you will have a network which will provide better economy, better schools, better access to health facilities, and better access to agricultural production?

Mr. THOMPSON. Our total road system is, I think, in the neighborhood of 22,000 miles.

Mrs. HANSEN. At this point in the record insert the total number of miles of road in West Virginia, Maryland, and Pennsylvania.

[The information follows:]

Comparison of mileage on Indian reservations to an equivalent land area:

| | Miles |
|---|---|
| Indian reservation mileage (estimated): | |
| BIA road system | 22, 000 |
| State and county roads | 25, 100 |
| Tribal and other roads | 14, 500 |
| Total mileage | 61, 600 |
| Equivalent land area mileage: | |
| State of Maryland | 22, 727 |
| State of Pennsylvania | 97, 350 |
| State of West Virginia | 33, 081 |
| Total mileage | 153, 158 |

### BENEFITS OF ROAD PROGRAM

Mrs. HANSEN. As I mentioned yesterday, on the Navajo Reservation you have some paths listed as roads and I know they are not roads. They are something on which a Jeep hopefully may be able to make it if it isn't muddy.

The committee is not interested in seeing a network of roads built just for the sake of roadbuilding, but you can't do much in the way of locating schools close to home without roads.

You can never eliminate your boarding school problem in certain areas until you have a better system. You also can't improve your economy without well-planned, well-designed, environmentally sound transportation system.

Right outside Wingate there are people walking as much as 6 and 7 miles to a health clinic. These are elderly people. It is a miracle to me they ever survived the trip to the clinic, let alone wait in the line.

Your community health representatives are dependent upon transportation. Your clinic locations are dependent upon transportation as is almost every Federal facility that serves the Indian people.

Mr. THOMPSON. The chairman has a great understanding of the need for roads on or near Indian reservations. It affects the educational and health objectives of the Bureau.

This is one of the reasons we are attempting to upgrade some of the current systems that we have for several reasons. Obviously a newly constructed road has less maintenance than some of the roads we are attempting to currently maintain and by upgrading from dirt to gravel and gravel to pavement we will be able to hopefully improve access to the urban community or other Indian communities on the reservation.

Mrs. HANSEN. I am interested in the access of the Indian on the reservation to his own facilities. The States have an obligation to help them get from the reservation to those places where they are going outside the reservation.

It is kind of tragic when you see a couple of people in their late seventies trying to get to a clinic for something that is rather critical.

As you are well aware, there is no such thing as a public transportation system within any of these areas.

I was traveling through the Navajo Reservation one day and looked off into the distance and saw some high school age children wandering around on a school day. I said to the gentleman from the BIA, "Are they in school?"

He said, "Obviously they aren't. I guess we just haven't found them."

You see the problem. If you are going to give every child an education, you have to give him an opportunity to go to school.

As you are well aware, your boarding school programs have been much better when your counselors and parents don't lose touch with their children.

Dr. Benham will testify to that because he has been a strong advocate of that.

### INDIAN CONSTRUCTION COMPANIES

Mr. McKAY. Do we have any Indian construction companies operated by Indians themselves?

Mr. THOMPSON. Yes. I don't know the exact number. Perhaps someone from Roads could give a better idea of the number of construction firms we have. As you know, particularly in road construction, construction firms have a rather cyclic profit picture. One year you have many and the next year you have few.

Mrs. HANSEN. Your maintenance equipment certainly can be part and parcel of the Indian program.

Mr. THOMPSON. We have some statistics on Indian employees within the Bureau that we utilize that I could give you a brief rundown on.

Mr. McKAY. If you can give us something for the record.

[The information follows:]

Information on the Indian employment of the Bureau's roads program.

| | Construction | Maintenance |
|---|---|---|
| Permanent Indian | 222 | 209 |
| Permanent non-Indian | 131 | 32 |
| Temporary Indian | 826 | 123 |
| Temporary non-Indian | 11 | 1 |

Mr. THOMPSON. We will attempt to supply the number of Indian contractors we work with.

[The information follows:]

There are nine known Indian-owned engineering companies. The Bureau has present contracts with two of these companies.

There are 12 known Indian-owned road construction companies. The Bureau has present contracts with 11 of these companies.

### INDIAN ACTION TEAMS

Mrs. HANSEN. As I recall, there was a training program on some of the reservations, training people to handle some of the rather sophisticated construction equipment. Is this correct?

Mr. WILLS. I believe there were 14 such training groups, called Indian action teams. Some of those are working on roads and some in building, as I remember.

Mr. SYKES. Heavy equipment was the thing they were really working on.

Mrs. HANSEN. It is costly and it is very difficult to obtain.

Mr. THOMPSON. It will become increasingly difficult to get heavy equipment.

Mrs. HANSEN. It will become increasingly difficult because of the current energy situation.

### FUTURE LEVEL OF ROAD CONSTRUCTION

Mrs. HANSEN. What future year obligational levels are assumed as part of your 7 to 8 year accelerated road construction program?

Mr. FLEAK. We expect to obligate in excess of $60 million a year during the 7 or 8 year period to meet our highest priority needs in road construction.

### IMPACT OF NEPA ON ROAD PROGRAM

Mrs. HANSEN. You say in the justifications:

> The National Environmental Policy Act of 1969 has placed additional workload upon this program. It is estimated during fiscal year 1975 that the required environmental impact studies and the preparation and review of environmental impact statements will require 14 man-years and approximately $168,000 of personal services to perform this work.

Does every bit of construction that you do require an environmental impact statement?

Mr. FLEAK. No, ma'am.

We first make an environmental analysis on each road project. If there will be a negative impact on the environment, then an environmental impact statement is required by law. Only those projects which will have an impact on the environment do we prepare an environmental impact statement.

Mrs. HANSEN. Do you have to prepare an environmental impact statement on maintenance if the maintenance increases some particular phase of the roadway?

Mr. McKAY. Width, change of turns.

Mr. FLEAK. It is construction and not maintenance. Our maintenance program does not require impact statements.

Mrs. HANSEN. Do you have to prepare an environmental impact statement on construction of schools?

Mr. NELSON. Yes; we do. We have followed the same category as Mr. Fleak.

Mrs. HANSEN. Do you have to prepare an environmental impact statement on what the disastrous consequences of no school will be?

Mr. NELSON. We don't do that, but we do follow the same pattern as roads construction.

Mrs. HANSEN. How much do the school's environmental impact statements cost? Insert the information in the record.

[The information follows:]

It is estimated during fiscal year 1975 that the required environmental impact studies and preparation and review of environmental impact statements will require 1 man-year and approximately $30,000 in personal services to perform this work.

Mrs. HANSEN. What other projects do you have to prepare environmental statements on? I can understand sewers, water supply, and housing.

Mr. NELSON. That is about it.

Mr. THOMPSON. Major irrigation projects and housing, I imagine, we would have to provide an impact statement on. I think those would be the primary areas. I am trying to think of them by program level.

Mrs. HANSEN. Please insert in the record the total cost to your bureau of the environmental impact statements that are required by NEPA.

Mr. THOMPSON. We will be pleased to.

[The information follows:]

Our estimates of obligations in fiscal year 1974 for Environmental Quality activities are provided below based on the following:

The Bureau's activities to comply with NEPA require--

(1) Examination and assessment of proposed actions to determine those which are applicable;

(2) Preparation of environmental statements on those actions determined applicable under the provisions of NEPA; and

(3) Providing review, consultation, coordination, and comment on those actions proposed by other federal agencies which may affect the Bureau's federal activities and/or the Indian trust responsibilities.

Operation and budgeting of these activities have been developed with each program area having primary responsibility for the examination, assessment, determination and preparation of environmental statements for actions pertaining to their activities. The Environmental Quality Services activity provides the overall supervision and coordination of the Bureau's environmental activities and includes consultation, review and comment on environmental activities and statements pertaining to other federal and state agencies. The estimates are as follows:

| | Funds estimated as used for environmental work | | | |
|---|---|---|---|---|
| Program | Examinations & Assessments | Environmental Statements | Review and Coordination | Total |
| Tribal Resources Development and Trust Responsibilities | $1.250,000 | $400,000 | $527,000 | $2,177,000 |
| General Management and Facilities Operation | -------- | ------ | 1,000 | 1,000 |
| Construction | | | | |
| Buildings and Utilities | 30,000 | 20,000 | 1,000 | 51,000 |
| Irrigation Systems | -------- | 60,000 | 1,000 | 61,000 |
| Roads Construction | 13,500 | 114,750 | 6,750 | 135,000 |
| Total | 1,293,500 | 594,750 | 536,750 | 2,425,000 |

## MISCELLANEOUS APPROPRIATIONS (ALASKA NATIVE CLAIMS)

Mrs. HANSEN. Please insert justification pages 95 and 96 in the record at this point.

[The pages follow:]

### BUREAU OF INDIAN AFFAIRS

*Miscellaneous appropriations (Alaska native claims)*

| | |
|---|---|
| Appropriation, 1973 | $50, 000, 000 |
| Appropriation, 1974 | 70, 000, 000 |
| Decreases: Alaska Native claims | 70, 000, 000 |
| Increases: Alaska Native claims | 70, 000, 000 |
| Budget estimate, 1975 | 70, 000, 000 |

### MISCELLANEOUS APPROPRIATIONS (ALASKA NATIVE CLAIMS)

| | Amount available 1974 | Fiscal year 1975 budget estimate | Total available 1975 compared to total available 1974 |
|---|---|---|---|
| Alaska Native Claims | $70, 000, 000 | $70, 000, 000 | |

The Alaska Native claims will be used for the settlement of land claims of Alaska Natives. This settlement will be accomplished in conformity with the real economic and social needs of Natives, with maximum participation by Natives in decisions affecting their rights and property, without litigation, without establishing any permanent racially defined institutions, rights, privileges, or obligations, without creating a reservation system or lengthy wardship or trusteeship, and without adding to the categories of property and institutions enjoying special tax privileges, or to the legislation establishing special relationships between the U.S. Government and the State of Alaska, as provided by Public Law 92-203 (85 Stat. 688), approved December 18, 1971.

### FUNDING OF ALASKA NATIVE CLAIMS

Mrs. HANSEN. You are requesting $70 million, the same as last year for Alaska Native claims. How many more payments are required in future years and what size will they be?

Mr. THOMPSON. The payments set up by the act, Madam Chairman, are for the first fiscal 1972, $12.5 million. For fiscal year 1973 it was $50 million. For 1974, 1975, and 1976 it will be $70 million. For 1977, $40 million, and for 1978 through 1982, $30 million per year. The Federal payments disburse that over an 11-year period.

Mrs. HANSEN. Mr. Commissioner, there are many Members who are deeply interested in the success of this program. There are many claims that will have to be adjudicated. There will be varying viewpoints on landownership. What will be the impact of not having the cadastral surveys completed. I am sure you are aware the Bureau of Land Management, operating on its present schedule, isn't going to be completed them until some time after the year 2000.

Mr. THOMPSON. 25 years.

Mrs. HANSEN. If they get done then. Can you provide for the record a brief statement on how the corporations are functioning and what some of the problems are.

Mr. Thompson. One of the sources we can get for that is that regional corporations are required to supply an annual report and the Department is required to supply an annual report to Congress.

[The information follows:]

The 12 regional corporations, one for each of the regions set out in the Alaska Native Claims Settlement Act, under their regional articles of incorporation. They received on December 19, 1973, the first disbursement from the Alaska Native Fund in the sum of $129,703,557.51. Following is a breakdown of that payment:

Distribution of Regional Corporations of Alaska Native Fund as of December 18, 1973;
Except $2,600,000 Reserved as Provided in Section 20 for Payment of Attorney and Other Fees

| **Regional** Corporation | Advances | Foregone Interest on Advances | Total, Advances and Interest | Natives Enrolled in Regional Corporation | Distribution<br>Gross Amount, Incl. Advance & Int. | <br>Net Payment |
|---|---|---|---|---|---|---|
| AHTNA | $ 500,000 | $ 40,564.11 | $ 540,564.11 | 1,010 | $ 1,840,464.29 | $ 1,299,900.18 |
| Alent | 500,00 | 44,171.78 | 544,171.78 | 3,316 | 6,042,554.05 | 5,498,382.27 |
| Arctic Slope | 500,000 | 44,171.78 | 544,171.78 | 3,867 | 7,046,609.32 | 6,502,437.54 |
| Bering Straits | 700,000 | 51,993.31 | 751,993.31 | 6,893 | 12,560,713.22 | 11,808,719.91 |
| Bristol Bay | 500,000 | 44,171.78 | 544,171.78 | 5,482 | 9,989,529.94 | 9,445,358.16 |
| CALISTA | 1,492,400 | 78,689.45 | 1,571,089.45 | 13,482 | 24,567,464.91 | 22,996,375.46 |
| Chugach | 500,000 | 44,171.78 | 544,171.78 | 2,085 | 3,799,374.30 | 3,255,202.52 |
| Cook Inlet | 750,000 | 46,107.82 | 796,107.82 | 6,153 | 11,212,254.24 | 10,416,146.42 |
| DOYON | 777,400 | 63,674.44 | 841,074.44 | 9,297 | 16,941,382.68 | 16,100,308.24 |
| Koniag | 500,000 | 44,171.78 | 544,171.78 | 3,214 | 5,856,685.37 | 5,312,513.59 |
| NANA | 545,200 | 47,349.58 | 592,549.58 | 4,883 | 8,898,007.06 | 8,305,457.48 |
| SEALASKA | 650,000 | 54,717.56 | 704,717.56 | 16,171 | 29,467,473.30 | 28,762,755.74 |
| TOTAL | $8,000,000 | $604,627.53 | $8,604,627.53 | 75,853 | $138,222,512.68 | $129,703,557.51 |

The regional corporation now have machinery moving to hold their first shareholders meetings and elect their first board of directors. This will remove the corporations from direct supervision by the Secretary and allow them to make the distribution to their at-large shareholders until their has been some solution of the question of the 13th regiontl corporation.

The regional corporations are making payments to their shareholders in accordance with the Alaska Native Claims Settlement Act, with all the corporations sending checks for 10 percent of the funds received by each of them to their shareholders. At least three of the regional corporations have also sent checks for the 45 percent of the funds they received from the Alaska Native fund to their at-large shareholders. The other regional corporations will probably wait to make the distribution to their at-large shareholders until their has been some solution of the question of the 13th regional corporation.

In regard to the 13th regional corporation, the matter is now pending in the courts and before Congress. The 13th corporation was not formed because the results of the election by those eligible to vote on the question of the formation of a 13th regional corporation showed that a majority of those eligible to vote on the question did not vote in favor of the formation of the corporation. Allegations have been made that the election was not fairly held and suits filed to force the Secretary to take steps to form a 13th regional corporation. These suits are now pending and information requested by the court is being gathered.

Proponents of the 13th regional corporations have also urged the Congress to pass legislation that would amend the Alaska Native Claims Settlement Act to create the 13th regional corporation. The legislation has passed the Senate and hearings have been held in the House by the Indian Affairs Subcommittee of the Interior and Insular Affairs Committee.

The Bureau of Indian Affairs and the Department of the Interior are working now to complete all appeal actions and complete the Alaska Native roll so that a final roll can be given to the regional corporations so that they can identify with certainty their shareholders.

The office of the BIA area director, Juneau, is completing action on the certificatiton of villages so that those that are in the appeal process can be ruled on by the Secretary's ad hoc board before June 18, 1973, the deadline for certification of villages.

There are many problems facing the regional corporation just as there are when you form a new corporate entity but the situation is complicated even more by the fact that the shareholders in the Alaska corporations are not just persons interested in the management of their investments, but have very personal stakes in the decisions made by the corporations. When taking this into account and add to it the political interplay that is part of the Native scene in Alaska, it compounds an already complicated situation.

However, it appears that the regional corporations are moving to work for the interest of their shareholders and meet the needs of the people of their respective regions. The corporations and their initial boards have overcome many obstacles and are doing very well. We look forward with confidence to the actions of these corporations after they have elected their directors and are able to perform their corporate functions for their shareholders.

The future will not be easy for the corporations, but the experience the Bureau has had in working with them to this point indicates that the corporations will meet tomorrow's problems.

### TAXPAYER STATUS OF ALASKA NATIVES

Mrs. HANSEN. This question has a direct bearing on your schools in the State of Alaska.

Will the Alaska Natives, once they have been awarded claims, be taxpayers in the State of Alaska?

Mr. THOMPSON. As you know, the Alaska Natives Claim Act in itself was very broad and a very comprehensive piece of legislation attempting to resolve some long-standing disputes over land. One of the caveats in the bill was that the Secretary was requested and authorized to enter into a 2-year study and report findings back to the Congress on future management and operation of Indian programs in Alaska.

That program, now, is off to a reasonably good start. There is a lot of Native involvement and a lot of Native people directly involved in this study.

Madam Chairman, I would say I think we should wait to get the results back.

A partial answer to your question is that there have been several rulings from the health and social services people that the payments out of the Alaska Native Fund are not taxable and therefore are not countable for social service benefits. The act itself indicates that the land for 20 years is nontaxable. There are certain types of lands, if the lands are aliented and there is income being produced, those lands are taxable.

Mrs. HANSEN. Will the Native Alaskans pay whatever State taxes there are, like sales tax, within the State of Alaska?

Mr. THOMPSON. On certain types of land, yes.

Mrs. HANSEN. I am not speaking of land. Just their ordinary transactions as citizens.

Mr. THOMPSON. Yes, the Alaskan Natives pay all State taxes as other citizens.

### FUTURE FEDERAL ASSISTANCE TO ALASKA NATIVES

Mrs. HANSEN. There has been some discussion among some people that after this is settled then there will probably be no more need for assistance to Alaskan Natives. I doubt if that time will arrive with the backlog of needs in Alaska. Isn't that correct?

Mr. THOMPSON. We are hoping the study will address itself very directly to that. I think if you looked at the amount of dollars that the Congress and the State governments appropriate to meet some of the very critical needs, as you know, of just basic living in Alaska, that the study—and I don't want to go ahead of what the study will come up with but the study should show there is a terrific need for a lot of capital improvements and supporting funds.

### ALASKA REGIONAL CORPORATION

Mrs. HANSEN. What is the status of the suit brought to block distribution of these funds?

Mr. THOMPSON. The funds—Madam Chairman, I would have to supply that for the record, what the legal entanglements are, but the funds were distributed 2 days after the judge allowed us to distribute on December 18. There was $10 million out of the Native fund to the 12 regional corporations.

[The information follows:]

In regard to the 13th regional corporation, the matter is now pending in the courts and before Congress. The 13th corporation was not formed because the results of the election by those eligible to vote on the question of the formation of a 13th regional corporation showed that a majority of those eligible to vote on the question did not vote in favor on the formation of the corporation. Allegations have been made that the election was not fairly held and suits filed to force the Secretary to take steps to form a 13th regional corporation. These suits are now pending and information requested by the court is being gathered.

Mrs. HANSEN. What steps are being taken to assure that various regional corporations and other recipients of these funds have the management capability to effectively use them?

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Mr. THOMPSON. The act, as you know, when the act was being deliberated here in Congress, the Alaskan native community, and with the full support of Congress and the administration, attempted to insure that maximum participation, maximum involvement, and maximum decisionmaking would be done by the recipients of the Alaska native fund and they would be involved in administration and implementation of the act itself.

The restrictions posed by the act are very few. The intent of Congress was to allow maximum self-determination by the Indian community. From my personal experience the regional corporations that are implementing the act, although they faced many, many, many problems, are doing an outstanding job. There have been efforts provided by the Department, and other departments in assisting them in implementing the bill. Many private foundations are providing some dollars to do the necessary long-range planning, to set up a planning unit between all of the regional corporations and all of them now are functional; they all have staffs and are all making land selections.

I feel, to give a broad overview, that the implementation of the native claims bill is off to a good start.

In all fairness to the current situation, of course, the native community is still in a very new stage here of implementing the act, doing land selection. They haven't really gotten into the daily operation of many of the aspects of leasing and subletting lands and resources.

## ADMINISTRATIVE PROVISIONS

Mrs. HANSEN. Please insert justification page 97 in the record at this point.

[The page follows:]

### EXPLANATION OF LANGUAGE CHANGE

The language provides for the purchase of 73 police-type vehicles of which 63 shall be for replacement only. The additional vehicles are needed to carry out the law and order responsibilities of the Bureau.

Mrs. HANSEN. Mr. Wiles, will you please furnish for the record the location of 73 vehicles you propose to acquire in the fiscal year 1975 budget.

Mr. WILES. Yes, ma'am.

[The information follows:]

The 73 law enforcement vehicles requested by BIA for fiscal year 1795 will be distributed as follows:

|  | Replacement | New |
|---|---|---|
| Aberdeen | 35 | 4 |
| Albuquerque | 5 |  |
| Billings | 2 |  |
| Minneapolis | 3 | 1 |
| Navajo | 4 | [1] 5 |
| Phoenix | 6 |  |
| Portland | 8 |  |
| Total | 63 | 10 |

[1] Joint-use area.

## Tribal Funds

Mrs. Hansen. We will insert justification pages 98 through 104 in the record at this point.

[The pages follow:]

## TRUST FUNDS

### Highlight Statement

A. Tribal Funds:

Tribal funds are deposited into the U. S. Treasury pursuant to various acts of Congress to be made available for expenditure for the use and benefit of the respective tribal groups. About 300 Indian tribes, bands or identifiable groups have some 700 accounts which are maintained separately by the Bureau of Indian Affairs and in a consolidated account in the U. S. Treasury which are used for the conduct of tribal financial programs, enterprises, businesses, per capita payments and other tribal affairs. Approximately fifty percent of tribal funds is derived from judgments or awards made pursuant to either general or specific acts of Congress. The remainder of the funds is derived from Federal management of tribal real properties, the title to which is held in trust by the United States for the tribes.

Tribal funds are available for various purposes, under various acts of Congress and are also subject to the provisions of tribal constitutions, bylaws, charters, and resolutions of the various tribes, bands or groups. For the past several years, the Congress has required that special legislation be enacted to permit the expenditure of judgment funds. The Act of October 19, 1973 (87 Stat. 466) provides general authority for the distribution of funds appropriated in satisfaction of judgments of the Indian Claims Commission and the Court of Claims, subject to certain conditions, including the development of a plan for the use of the funds. Funds derived from the management of tribal trust properties are available for tribal use in accordance with approved budgets under Permanent, Annual or Indefinite Authorizations.

Funds programmed under permanent authorization are made available under legislation which gives the Secretary of the Interior continuing authority to carry out the provisions of specific acts, and can be disbursed either through the Indian Service Special Disbursing Agents' accounts or advanced to tribes for disbursement by their bonded tribal treasurers under approved plans of operation. These funds do not require annual approval by Congress but are reported annually in the budget schedules to give the Congress an opportunity to review the activity conducted under the authorities extended to the Secretary of the Interior.

In the absence of permanent authorization, annual appropriation by the Congress is required to permit the use of tribal funds. Such authority is provided annually in the Department of the Interior Appropriations Act and includes two categories: (1) Annual definite; and (2) Annual indefinite.

Funds programmed under annual definite are not otherwise available for expenditure without Congressional action and the $3 million requested for fiscal year 1975 is to provide the Secretary of the Interior with expenditure authority for the execution of programs, primarily for those tribes which are not sufficiently organized to be represented by a recognized governing body. Expenditures made under this authority are individually made through Treasury regional disbursing offices, subject to the same regulations and procedures as appropriations from the general fund of the Treasury.

The annual indefinite authorization in the Appropriation Act, under the heading Tribal Funds, provides the necessary authority, on an annual basis, for the Secretary of the Interior to withdraw from tribal accounts in the Treasury, funds needed to carry out programs designated by a particular tribe and approved by the Secretary for the conduct of tribal operations, including, but not limited to: management of tribal resources and other programs designed to improve the situation of the general membership. These funds are advanced to tribes for disbursement by Indian Service Special Disbursing Agents or by bonded tribal treasurers under plans of operation.

B. Alaska Native Fund:

This fund was derived from the settlement of land claims of Alaska Natives as authorized by the Act of December 18, 1971 (85 Stat. 688). Section 5 of the Act directed the Secretary of the Interior to prepare a roll of the Alaska Natives living at the time of enactment (December 18, 1971) by region, village or other residence as of the date of the 1970 census enumeration, to be completed on or before December 18, 1973. Thereafter (with the exception of a reserve for attorney and similar fees, and an equitable share for a thirteenth regional corporation, pending final decision as to whether to establish one, and completion of its final organization) all the assets of the fund are to be distributed at the end of each quarter of the fiscal year to twelve, or possibly thirteen, regional corporations on the basis of the relative numbers of Natives living in each region of the state, as ascertained by the roll.

C. Miscellaneous Trust Funds:

Included in this category are miscellaneous revenues derived from Indian reservations, agencies, and schools, which are not required to be used for other purposes, but are used to support schools and agency functions. It also includes contributions, donations, gifts, etc., to be used and/or invested with the income to be used for the relief and benefit of American Indians.

Tribal Funds--Annual Definite: Fiscal 1974, $3,000,000; fiscal year 1975, $3,000,000; no change.

## Status of Programs

Funds programmed under the annual definite authorization as shown on the following tabulation are to be used for various education and welfare programs, resources management, construction and land acquisition and general tribal affairs, including taxes and attorneys' fees. All amounts in the estimate have been requested properly by the Indians except the sum of $291,827 shown for miscellaneous tribes. The amount under miscellaneous tribes is required to provide for additional tribal requests that can be anticipated during the fiscal year.

DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS

**Trust Funds**

| | 1973 | 1974 | 1975 |
|---|---|---|---|
| 1. Annual Definite Authorization | $ 2,615,816 | $ 3,000,000 | $ 3,000,000 |
| 2. Annual Indefinite Authorization | 15,895,652 | 15,500,000 | 15,500,000 |
| 3. Permanent Authorization | 134,829,521 | 145,500,000 | 83,500,000 |
| 4. Alaska Native Fund | 50,000,000 | 70,000,000 | 70,000,000 |
| 5. Miscellaneous Trust Funds | 3,829,751 | 4,500,000 | 4,000,000 |
| Total | $207,170,740 | $238,500,000 | $176,000,000 |

### DEPARTMENT OF THE INTERIOR
### BUREAU OF INDIAN AFFAIRS
### ANNUAL DEFINITE AUTHORIZATION--TRIBAL FUNDS

Statement Relating to 1973, 1974 and 1975 Programs

| | |
|---|---|
| 1973 Appropriation | $3,000,000 |
| 1974 Budget Estimate | $3,000,000 |
| Total Appropriation for 1974 | $3,000,000 |
| Deductions: (None) | ... |
| Additions: (None) | ... |
| Total Estimate for 1975 | $3,000,000 |

Analysis of Annual Definite Authorization, Tribal Trust Funds, by Activity:

| Activities | F.Y. 1973 Amount Available | F.Y. 1974 Amount Available | F.Y. 1975 Estimate | Increase (+) or Decrease(-) 1974 Compared w/1975 |
|---|---|---|---|---|
| 1. Education and Welfare Services | $ 93,549 | $ 105,675 | $ 105,675 | ... |
| 2. Resources Management | 765,562 | 841,612 | 841,612 | ... |
| 3. Construction and Land Acquisition | 276,677 | 343,074 | 343,074 | ... |
| 4. General Tribal Affairs | 1,480,028 | 1,709,639 | 1,709,639 | ... |
| Total | $2,615,816 | $3,000,000 | $3,000,000 | ... |

# COMPARATIVE STATEMENT OF ANNUAL DEFINITE AUTHORIZATION BY TRIBE

| STATE-AGENCY-TRIBE | 1973 | 1974 | 1975 |
|---|---|---|---|
| **Arizona** | $ 625,435 | $ 672,574 | $ 672,574 |
| Colorado River | 20,059 | 68,574 | 68,574 |
| Navajo | 572,876 | 569,000 | 569,000 |
| Salt River--Salt River-Pima | 22,500 | 25,000 | 25,000 |
| San Carlos Agency--San Carlos Apache | 10,000 | 10,000 | 10,000 |
| **California** | 501,147 | 381,920 | 381,920 |
| Agua Caliente | 116,452 | 115,470 | 115,470 |
| Barona | 464 | 500 | 500 |
| Baron Long | 650 | 650 | 650 |
| Hoopa Valley | 365,000 | 265,000 | 265,000 |
| Manchester-Point Arena Rancheria, Pomo Band | 1,241 | ... | ... |
| Santa Rosa (Kings County) | 290 | 300 | 300 |
| Tule River | 17,050 | ... | ... |
| **Colorado** | 6,200 | 6,200 | 6,200 |
| Southern Ute | 6,200 | 6,200 | 6,200 |
| **Idaho** | 52,500 | 52,500 | 52,500 |
| Coeur d'Alene | 17,200 | 17,200 | 17,200 |
| Nez Perce | 35,300 | 35,300 | 35,300 |
| **Minnesota** | 75,514 | 79,724 | 79,724 |
| Red Lake | 75,514 | 79,724 | 79,724 |
| **Montana** | 58,282 | 93,500 | 93,500 |
| Blackfeet | 6,282 | 6,000 | 6,000 |
| Fort Peck | 52,000 | 87,500 | 87,500 |

| STATE-AGENCY-TRIBE (Continued) | 1973 | 1974 | 1975 |
|---|---|---|---|
| New Mexico | $ 107,305 | $ 108,000 | $ 108,000 |
| Jicarilla | 107,305 | 108,000 | 108,000 |
| Oklahoma | 320,772 | 398,991 | 398,991 |
| Cherokee | 4,870 | ... | ... |
| Chickasaw | 56,364 | 44,741 | 44,741 |
| Choctaw | 52,000 | 56,400 | 56,400 |
| Creek | 79,738 | 86,350 | 86,350 |
| Osage | 127,800 | 211,500 | 211,500 |
| Oregon | 999 | ... | ... |
| Umatilla | 999 | ... | ... |
| Washington | 787,914 | 844,764 | 844,764 |
| Colville | 153,200 | 113,200 | 113,200 |
| Makah | 15,441 | 23,940 | 23,940 |
| Quinault | 20,500 | ... | ... |
| Spokane | 39,450 | 38,020 | 38,020 |
| Yakima | 559,323 | 669,604 | 669,604 |
| Wyoming | 79,748 | 70,000 | 70,000 |
| Arapahoe | 39,874 | 35,000 | 35,000 |
| Shoshone | 39,874 | 35,000 | 35,000 |
| Miscellaneous Tribes | ... | 291,827 | 291,827 |
| GRAND TOTAL | $2,615,816 | $3,000,000 | $3,000,000 |

Mrs. HANSEN. Mr. McKay, do you have a question?

### INDIAN BANK PROGRAM

Mr. McKAY. I don't know where this is or who is running it, but there was an Indian bank program set up to establish the Indians in a bank. I am wondering what is the status of that and whether it has just become another bank with some people running it. I am curious to know whether or not the bank is functioning with Indians—and I presume it is—and whether it is becoming just another bank dealing with the Anglo community or whether in fact it is a bank that is dealing with Indians pretty exclusively, with Indian returns and loans and so on, within the Indian community, or whether it is just loaning out the rest and becoming a financially gaining institution and is not implementing the program they intended.

Mr. THOMPSON. Yes; the bank is open and functioning. It has offices down here on Pennsylvania Avenue, 17th and Pennsylvania, on the third floor. The Bureau of Indian Affairs and other Federal agencies have a contract to assist the bank in getting operational. They do have Indian people onboard, as well as they have some other bank professionals to assist the bank in getting operational. They have been in business now for only about 2 months. I understand their primary emphasis will be toward lending to Indian individuals, tribal groups and organizations and that they have pending before them one of their possible first large loans to an Indian tribe. The thrust appears to be to attempt to meet some of the low capitalization needs in the community.

Mr. McKAY. I don't think the Indian people will ever get into that business until they can take the saddle on their own back and begin to operate and pay back their loans. I think that has some great potential to assist the Indian community. Hopefully it is operating there.

### PAST TERMINATION OF TRIBES

I have one other question. The chairman alluded to this yesterday, about tribal peoples who under previous arrangements had received a lump sum payment and left the tribal parental care or whatever you call it and have now apparently come to the point—there may be several reasons. One, that they see more money coming into the tribe that they want to get hold of, or there has been failure in the community and now they are wanting back in.

What is the status of bringing them back into the tribal circumstances, having once been supposedly focused into the existing community? Is that a kind of an open policy? Let them come back at will?

Mr. THOMPSON. The Bureau of Indian Affairs, of course, has no policy to say that you must stay on or off a reservation.

Mrs. HANSEN. That is up to the tribes.

Mr. THOMPSON. Once you are an enrollee of a particular tribe there is nothing that can alienate that.

I believe in most instances, most tribes allow people to move rather freely on or off the reservation.

Mr. McKAY. I had understood there had been a program at some point—and I am not sure of this. It was brought to me out of Duchesne from a group who had come to a point where there was an emancipation condition or something—I don't know what you would term it, but at any rate they were considered part of the total Anglo, or whatever, American community, and no longer considered as Indian people and had received a lump-sum payment or some contractual arrangement to bring that termination period about.

Now, with difficulties and these other things they are wanting back in. I would like a fill-in on what that is.

Mr. THOMPSON. Are you getting to the question of the tribe, whether it was terminated by Congress? As you know, in the early fifties, Congress, as a policy, terminated many tribal organizations and indicated there was no longer a relationship between an Irdian community, or this particular Indian community and the Federal Government, and that was called termination.

Many Indian communities, the Klamaths, the Menominees, that termination meant in effect there was no longer a relationship between the Federal Government and this particular Indian tribe and the assets of the tribe or the assets of the individual would no longer be held in trust by the United States.

In other words, they were then moved out to say, "You can become part of the American mainstream and we hope you will be successful."

### TRIBES RETURNING TO FEDERAL TRUSTEESHIP

Many of those tribes are beginning to say, after this period of time they have attempted to implement this policy, the Indians have repudiated this as a policy and want to continue the unique relationship they have with the U.S. Government.

Many are now requesting to be reinstated to move out of that present status and get back under the Federal trust again.

Mr. MCKAY. Was that just in relationship to tribes, or could segments or groups in a given tribe get that status as well?

Mr. THOMPSON. Subject to correction, I think when Congress terminated the relationship that was in relationship to the tribe and the individuals within the tribe.

Mr. PAYTON. He is referring to the mixed-blood termination of the Utes in Utah. This is an act of Congress and they would have to come back in under an act of Congress.

Mr. MCKAY. That was a specific act and not a general act.

Mr. PAYTON. It was specific.

### LIST OF TRIBES HAVING TERMINATED

Mr. MCKAY. How many tribes do we have that have terminated?

Mr. CORNELIUS. Klamath, Menominees, the mixed-blood Utes were terminated. This is a group in western Oregon, about 60 small groups, plus the four units in Utah. The one group in Texas; a couple of groups in Oklahoma.

Mr. MCKAY. When you list those for the record, may we have a number of how many people that would entail. Provide that for the record.

[The information follows:]

TRIBES AND BANDS FOR WHICH THE FEDERAL TRUST RELATIONSHIP HAS BEEN TERMINATED

| Name | Authorizing statute | Effective date | Memberships |
|---|---|---|---|
| Alabama and Coushatta Tribes of Texas | 68 Stat. 768 | July 1, 1955 | 450 |
| Catawba Indians of South Carolina | 73 Stat. 592 | July 1, 1962 | 631 |
| Klamath and Modoc Tribes and the Yahooskin Band of Snake Indians. | 67 Stat. 718 | Aug. 13, 1961 | 2,133 |
| Menominee Tribe of Wisconsin | 68 Stat. 250, 70 Stat. 544, 70 Stat. 549, 72 Stat. 290, 74 Stat. 867 | Apr. 30, 1961 | 3,270 |
| Mixed-blood Ute Indians of the Uintah and Ouray Reservation | 68 Stat. 724 | Aug. 27, 1961 | 490 |
| Ottawa Tribe of Oklahoma [1] | 70 Stat. 963 | Aug. 3, 1959 | 630 |
| Peoria Tribe of Oklahoma [1] | 70 Stat. 936 | Aug. 2, 1959 | 640 |
| Paiute Indians of Utah (Indian Peaks Band, Kanosh Band, Koosharem Band, and the Shivwitz Band of Paiute Indians). | 68 Stat. 1099 | Mar. 1, 1957 | 232 |
| Ponca Indian Tribe of Nebraska | 76 Stat. 429 | Oct. 27, 1966 | 442 |
| Tribes and Bands of Western Oregon including the following tribes, bands, groups or communities of Indians: Confederated Tribes of the Grande Ronde Community, Confederated Tribes of Siletz Indians, Alsea, Applegate Creek, Calapooya, Chaftan, Chempho, Chetco, Chetlessington, Chinook, Clackamas, Clatskanie, Clatsop, Clowwewalla, Coos, Cow Creek, Euchees, Galic Creek, Grave, Joshua, Karok, Kathlamet, Kusotony, Kwatami or Sixes, Lakmiut, Long Tom Creek, Lower Coquille, Lower Umpqua, Maddy, Mackanotin, Mary's River, Multnomah, Munsel Creek, Naltunnetunne, Nehalem, Nestucca, Northern Molalla, Port Orford, Pudding River, Rogue River, Salmon River, Santiam, Scoton, Shasta, Shasta Costa, Siletz, Siuslaw, Skiloot, Southern Molalla, Takelma, Tillamook, Tolowa, Tualatin, Tututui, Upper Coquille, Upper Umpqua, Willamette Tumwater, Yamhill, Yaquina and Yoncalla. | 68 Stat. 724 | Aug. 13, 1956 | 2,081 |
| Wyandotte of Oklahoma | 70 Stat. 893 | Au . 1, 1956 | 1,157 |
| California Rancherias |  |  | 1,107 |
| Coyote Valley | 71 Stat. 283 | 1957 |  |
| Laguna Rancheria | 61 Stat. 731 | 1958 |  |
| Lower Lake | 70 Stat. 58 72 Stat. 619 76 Stat. 390. | ([2]) |  |
| Alexander Valley (Wappo) |  | Aug. 1, 1961 |  |
| Auburn |  | Dec. 30, 1965 |  |
| Big Valley (Pinoleville) |  | Nov. 11, 1965 |  |
| Blue Lake |  | Sept. 22, 1966 |  |
| Buena Vista |  | Apr. 11, 1961 |  |
| Cache Creek |  | do. |  |
| Chicken Ranch (Jamestown) |  | Aug. 1, 1961 |  |
| Chico (Meechupta) |  | June 2, 1967 |  |
| Cloverdale |  | Dec. 30, 1965 |  |
| Crescent City (Elk Valley) |  | July 16, 1966 |  |
| Graton (Sebastopol) |  | Feb. 18, 1966 |  |
| Greenville |  | Dec. 8, 1966 |  |
| Guidiville |  | Sept. , 1965 |  |
| Indian Ranch |  | Sept. 22, 1964 |  |
| Lytton |  | Aug. 1, 1961 |  |
| Mark West |  | Aug. 11, 1961 |  |
| Mooretown |  | Aug. 1, 1961 |  |
| Nevada City |  | Sept. 22, 1964 |  |
| North Fork |  | Feb. 18 1966 |  |
| Paskenta |  | Apr. 11, 1961 |  |
| Picayune |  | Feb. 18, 1966 |  |
| Pinoleville |  | do. |  |
| Potter Valley |  | Aug. 1, 1961 |  |
| Quartz Valley |  | Jan. 20, 1967 |  |
| Redding (Clear Lake) |  | June 20, 1962 |  |
| Redwood Valley |  | Aug. 1, 1961 |  |
| Robinson (East Lake) |  | Sept. 3, 1965 |  |
| Rohnerville (Bear River) |  | July 16, 1966 |  |
| Ruffeys (Ruffeys Valley—Etna Band) |  | Apr. 11, 1961 |  |
| Scotts Valley (Sugar Bowl) |  | Sept. 3, 1965 |  |
| Smith River |  | July 29, 1967 |  |
| Strawberry Valley |  | Apr. 11, 1961 |  |
| Table Bluff |  | do. |  |
| Wilton |  | Sept. 22, 1964 |  |
| Taylorsville |  | Nov. 4, 1966 |  |
| Colefax |  | Dec. 22, 1965 |  |
| Mission Creek sold and proceeds distributed |  | July 14, 1970 |  |
| Likely (except a cemetery) |  | Nov. 11, 1965 |  |
| Strathmore, sold on deferment plan |  | Aug. 16, 1967 |  |
| Total |  |  | 13,263 |

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[1] Terminated per statutes but proclamation not yet published.
[2] 1956 publication dated.

Mrs. HANSEN. Mr. Commissioner, I would like to express the appreciation of the committee for your very excellent presentation and your very frank answers. I think you and the staff did a very good job under trying circumstances.

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THURSDAY, FEBRUARY 28, 1974.

## INDIAN CLAIMS COMMISSION

### WITNESSES

**JEROME K. KUYKENDALL, CHAIRMAN**
**JOHN T. VANCE, COMMISSIONER**
**RICHARD W. YARBOROUGH, COMMISSIONER**
**MARGARET H. PIERCE, COMMISSIONER**
**BRANTLEY BLUE, COMMISSIONER**
**HARRY E. WEBB, JR., CHIEF COUNSEL**
**DAVID H. BIGELOW, EXECUTIVE DIRECTOR**

Mrs. HANSEN. We now have the Indian Claims Commission.

Our principal witness is Jerome K. Kuykendall, chairman, from my own State of Washington.

Mr. Kuykendall, it is always a pleasure to welcome you back.

Will you introduce your colleagues?

Mr. KUYKENDALL. On my immediate left is Commissioner Yarborough. Next to him is Commissioner Vance. To my right is Commissioner Pierce and next to her, to her right is Commissioner Blue.

Mr. Blue gets away with being an Indian. I guess he has some justification for it but it is not too evident when you look at him.

Right behind me are Harry Webb, our chief counsel, and David Bigelow, our executive director.

### GENERAL STATEMENT

Mrs. HANSEN. You have a general statement which you may place in the record and summarize.

Mr. KUYKENDALL. I would be happy just to place it in the record and summarize it.

Mrs. HANSEN. Fine.

[The statement follows:]

STATEMENT OF JEROME K. KUYKENDALL, CHAIRMAN OF THE INDIAN CLAIMS COMMISSION, BEFORE THE SUBCOMMITTEE ON DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES OF THE APPROPRIATIONS COMMITTEE OF THE HOUSE OF REPRESENTATIVES

The Commission is requesting an appropriation of $1,333,000 for fiscal year 1975. Our operating plan for the current fiscal year totals $1,164,000. The $169,000 increase will serve two basic purposes. Like other agencies occupying leased space, we will be charged rent in Fiscal Year 1975 by the General Services Administration. The amount we are to be charged is $83,000. The additional $86,000 will merely permit funding of operations—including both personnel and other costs—at fiscal year 1974 levels. Costs which will result from salary increases which are expected to occur in October 1974, as well as any other such increases which may occur, are not included in our fiscal year 1975 budget.

## NATURE AND DURATION OF THE COMMISSION

As you know, the Indian Claims Commission is a temporary independent agency engaged in the adjudication of Indian claims filed under the Indian Claims Commission Act, as amended. Under existing law the Commission's existence will terminate on April 10, 1977, and any work not finished by that date will automatically be transferred to the Court of Claims.

## STATUS OF WORK

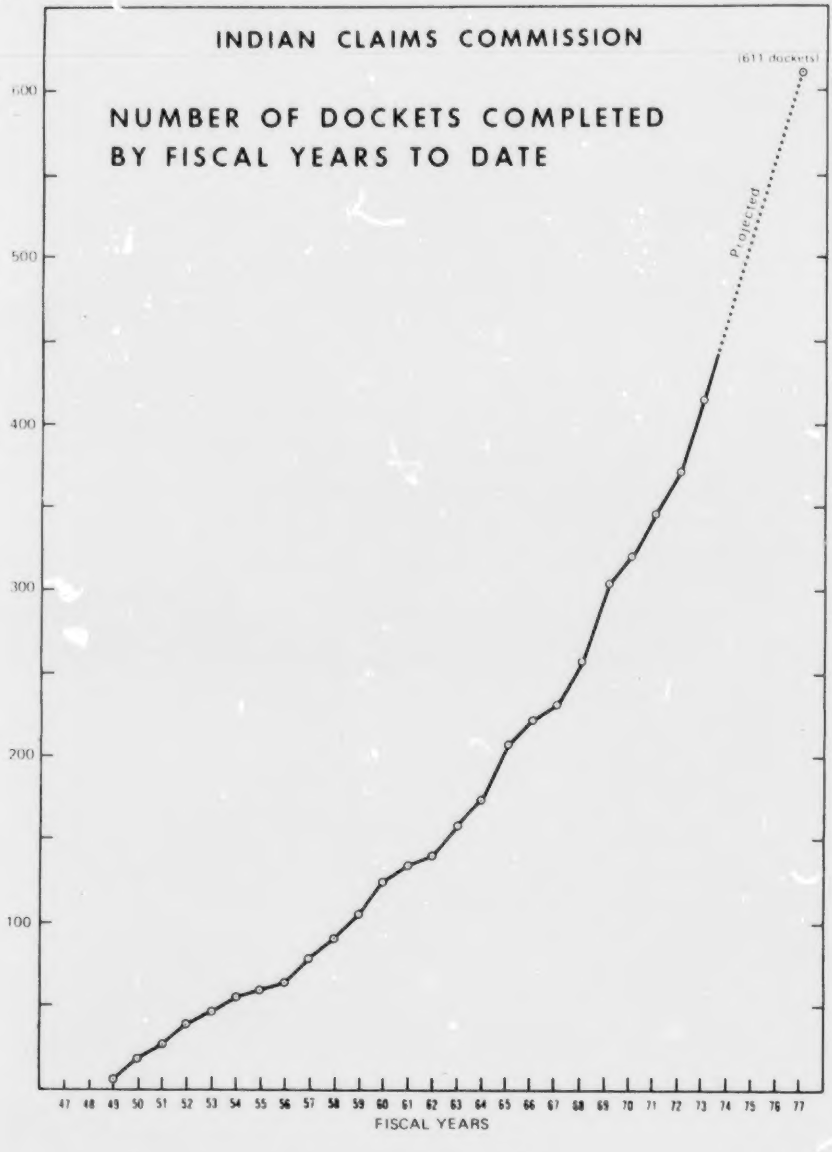
The chart that accompanies this statement shows the number of dockets completed by the Commission in each fiscal year from 1949 to the present time. The 26 dockets completed thus far during fiscal year 1974 are represented by an extension of the solid line. The projected rate of progress shown by the dotted line indicates that if we maintain our present pace, our goal of completing all the cases by April 10, 1977, will be achieved.

## AUTHORIZATION

The amendment to the Indian Claims Commission Act of March 30, 1972, which extended the life of the Commission to April 10, 1977, provides that appropriations for fiscal years subsequent to fiscal year 1973 shall be made only to the extent thereafter authorized by Congress. Last Friday, February 22, we appeared before the Subcommittee on Indian Affairs of the House Committee on Interior and Insular Affairs to testify on H.R. 12356, a bill to authorize appropriations for the Indian Claims Commission for fiscal year 1975." At that time we suggested that an authorization not to exceed $1,450,000 be recommended. Such an amount would obviate the need for an increased authorization should a supplemental appropriation be requested and granted in fiscal year 1975, as it was in Fiscal Year 1974.

## SUMMARY

The interest and support of this subcommittee—and particularly its chairman—have been a continuing source of encouragement to us in our work. My colleagues join me in expressing a special word of appreciation to you, Mrs. Hansen, on this occasion, the last time we will appear before this subcommittee with you as its chairman.



INDIAN CLAIMS COMMISSION

NUMBER OF DOCKETS COMPLETED BY FISCAL YEARS TO DATE

Mr. KUYKENDALL. I think that our progress can be seen by looking at the chart which is attached. That chart indicates the number of dockets which the Commission disposed of from 1949 to the present. The 26 dockets which have been completed during this fiscal year are shown by an extension of the solid line.

The rest of the line, which is dotted, is a projection; and it is perfectly straight. You can see if we keep on at our current pace, we will reach our goal of completing our work.

We are asking for money, which the amount of has been approved by OMB, merely to carry on as we have been doing, with our same size staff. Any increases that are necessary are because of salary increases and possibly some allowance for inflation. These salary increases which have occurred have been for the civil servants, I might add, and not for the members of the Commission, who are in the same position Members of Congress have been in for 5 years.

I would recommend we be given our appropriation as requested.

### JUSTIFICATION MATERIAL

Mrs. HANSEN. We will insert the justification at this point in the record.

[The justification follows:]

## JUSTIFICATION OF 1975 BUDGET ESTIMATE

Requirements for FY 1975. The Indian Claims Commission is requesting an appropriation of one million three hundred and thirty three thousand dollars, of which $1,155 thousand is for personnel costs and $178 thousand is for other purposes.

Establishment and Adjudicatory Duties of the Commission. The Indian Claims Commission is an independent quasi-judicial agency, created by the Indian Claims Commission Act of August 13, 1946, (60 Stat. 1049), codified as Section 70 of Title 25, United States Code. The Commission consists of five members appointed by the President by and with the advice and consent of the Senate. It is responsible for the hearing and adjudication of claims existing up to and including August 13, 1946, as defined under Section 2 of the Act.

Status of Work. A total of 611 claims of Indian Tribes, bands or other identifiable groups of American Indians have been docketed. On December 31, 1973, 408 dockets had been finally disposed of, and 203 dockets were pending.

## OBJECT CLASSIFICATION STATEMENT

11. Personnel Compensation. It is estimated that $1,065 thousand will be required for personnel compensation. The increase of $65 thousand over FY 1974 will cover the full-year cost of the October 1973 general salary increase and provide for essential individual increases.

12. Personnel Benefits. It is estimated that $90 thousand, an increase of $11 thousand, will be required to cover the Government's contribution, in accordance with existing legislation, to employees' group life insurance, group health benefits, retirement, and FICA taxes.

21. Travel and Transportation of Persons. The Commission may require up to $15 thousand for travel, principally for the conduct of hearings in the field. This amount is unchanged from FY 1974.

23. Rent, Communications, and Utilities. It is anticipated that $103 thousand, an increase of $88 thousand, will be required for these expenditures. Rent, a new item, will require $83 thousand; and an estimated additional $5 thousand is needed for increased costs of telephone service including FTS, telegraph service and penalty mail.

24. Printing and Reproduction. It is estimated that $1 thousand will again be required for this object to cover the cost of obtaining stationery and other material printed or bound outside the Commission.

25. Other Services. It is estimated that $44 thousand, an increase of $2 thousand, will be required for this object to cover such costs as court reporting services; xerox rental; maintenance of office machines; and other administrative services.

26. Supplies and Materials. It is anticipated that $11 thousand will be required to cover the cost of miscellaneous office supplies. This represents an increase of $1 thousand.

31. Equipment. It is estimated that $4 thousand will be needed for this purpose. The additional $2 thousand will permit needed replacement of obsolescent office machines.

## SALARIES AND EXPENSES

| | |
|---|---|
| Appropriation FY 1973 | $1,075,000 |
| Appropriation FY 1974 | 1,164,000* |
| Budget Estimate FY 1975 | 1,333,000 |

* Including proposed $78,000 supplemental.

## REQUIREMENTS FOR FISCAL YEAR 1975

The estimate for funds allowed by the Office of Management and Budget to operate the Indian Claims Commission in fiscal year 1975 is $1,333,000.

## SUMMARY OF INCREASES, 1975
(in thousands of dollars)

| | |
|---|---|
| Personnel Compensation | +65 |
| Personnel Benefits | +11 |
| Travel | 0 |
| Rent, Communications and Utilities | +88 |
| Printing and Reproduction | 0 |
| Other Services | +2 |
| Supplies and Materials | +1 |
| Equipment | +2 |
| | +169 |

## PERSONNEL COMPENSATION
(dollar amounts in thousands)

| | 1973 Actual | 1974 Estimate | 1975 Estimate | Change in 1975 from 1974 |
|---|---|---|---|---|
| 1. Number of permanent positions | 42 | 42 | 42 | 0 |
| 2. Number of other positions | 2 | 2 | 2 | 0 |
| 3. Salary cost of permanent positions | $986 | $1,059 | $1,134 | +$75 |
| 4. Salary cost of other positions | $19 | $20 | $21 | +$1 |
| Total personnel services | $1,005 | $1,079 | $1,155 | +$76 |

## PERSONNEL SUMMARY

| | 1973 Actual | 1974 Estimate | 1975 Estimate |
|---|---|---|---|
| Total number of permanent positions | 42 | 42 | 42 |
| Full-time equivalent of other positions | 2 | 2 | 2 |
| Average paid employment | 44 | 44 | 44 |
| Average GS-grade | 12.2 | 12.3 | 12.4 |
| Average GS-salary | $18,355 | $22,363 | $23,077 |

## OBJECT CLASSIFICATION
(in thousands of dollars)

| | | 1973 Actual | 1974 Estimate | 1975 Estimate | Change in 1975 from 1974 |
|---|---|---|---|---|---|
| 11. | Personnel Compensation | $ 931 | $1,000 | $1,065 | +65 |
| 12. | Personnel Benefits | 74 | 79 | 90 | +11 |
| 21. | Travel | 6 | 15 | 15 | 0 |
| 23. | Rent, Comm. and Utilities | 12 | 15 | 103 | +88 |
| 24. | Printing and Reproduction | 1 | 1 | 1 | 0 |
| 25. | Other Services | 41 | 42 | 44 | +2 |
| 26. | Supplies | 8 | 10 | 11 | +1 |
| 31. | Equipment | 2 | 2 | 4 | +2 |
| | Total Obligations | $1,075 | $1,164 | $1,333 | +$169 |

## ANALYSIS BY ACTIVITIES

| Activities | Amount Available 1973 | Amount Available 1974 | Estimate 1975 | Change in 1975 from 1974 |
|---|---|---|---|---|
| Hearing and adjudication of claims | $1,075,000 | $1,164,000* | $1,333,000 | +$169,000 |
| Total | $1,075,000 | $1,164,000 | $1,333,000 | +$169,000 |

*Including proposed $78,000 supplemental.

## STATUS OF AUTHORIZATION LEGISLATION

Mrs. Hansen. Your appropriations are authorized annually. What is the status of your appropriation authorization for fiscal year 1975?

Mr. Kuykendall. We have had our hearing before the House committee. That was within the past week or 10 days.

Mrs. Hansen. Before the House subcommittee.

Mr. Kuykendall. The House subcommittee. The Subcommittee on Indian Affairs of the Interior Committee.

Mrs. Hansen. Have they reported the bill?

Mr. Kuykendall. To my knowledge no bill has been reported yet. We have yet to have a hearing before the corresponding committee in the Senate.

## DISPOSITION OF PENDING CLAIMS

Mrs. Hansen. What progress are you making on the disposition of pending Indian claims?

Mr. Kuykendall. Let us see here.

We have 198 docket numbers still pending. Now, bear in mind that we have a great number of cases that are consolidated so that the actual cases we work on are considerably fewer than the 198 because we don't have to work on 198 cases separately. They are consolidated. There is a common problem among many of them.

Mrs. Hansen. You completed something over 400; is that correct?

Mr. Kuykendall. Four hundred and thirteen.

Mrs. Hansen. In how many years?

Mr. Kuykendall. Since 1949.

Mrs. Hansen. Hasn't a great deal of the preliminary research been done for many of the remaining 198?

Mr. Kuykendall. Yes, that phase of it has. Most of the cases involve land and the first thing the Indian tribe had to do was to prove what land it once occupied or to which it had aboriginal title, which means, particularly in the plains area, that they used maybe some of it in the winter and some of it in the summer.

They used vast areas. But they would show what they did occupy and that is called aboriginal title, proof of which was a difficult job. That was the first step.

Then the next step was to prove the value of the land at the time they lost it. The third step is a matter of offsets against their claim.

The time-consuming research involved in the title phases has been completed in the 198 dockets, so those old problems are gone. We have a new problem, however, and that is the accounting cases. We have some 45 accounting claims in which the tribe has alleged that the Government had been handling money for them all these years and the tribe doesn't really know what happened to it all nor how much of their funds the Government ever received.

We are getting a little taste of these problems now and some of those cases are very involved. I am conducting a hearing on one right now and we had a 2-week trial in December and we are now in our third week of this month and we will go through all of next week. We have had 17 expert witnesses who have testified in the case. The Klamath Indians of Oregon are bringing the case involving alleged mismanagement of their timber resources.

Mrs. HANSEN. Are there any other particular problems that you are encountering?

Mr. KUYKENDALL. Those are the main problems, I believe. There is one other that I should mention that is a delaying factor about which we seem unable to do anything. Our cases are appealed to the Court of Claims and, for example, if the case is appealed on the title phase of the case then the case is in the Court of Claims and we can't proceed with the case until the title phase it is disposed of by the Court of Claims. We have to have a final decision as to what land is involved, so we simply have to wait.

The cases occasionally go to the Supreme Court and that involves a further wait, during which time our hands are tied.

Mrs. HANSEN. During the past year how many, if any, of your awards have been contested?

Mr. KUYKENDALL. Well, right now there are a total of 64 dockets that are before the Court of Claims. About 32 percent of our cases have been appealed recently. However this 64 figure does not mean 64 separate trials since many of them are consolidated cases requiring a single hearing.

Mrs. HANSEN. Are the appeals growing in number?

Mr. KUYKENDALL. Well, they are not diminishing. They are perhaps growing a little.

Mr. EVANS. May I ask a question, Madam Chairman?

Mrs. HANSEN. Surely.

Mr. EVANS. Of those cases that have been appealed, what is your record on being sustained or overruled?

Mr. KUYKENDALL. Well, I don't know. Frequently there is some modification and it isn't very big. We have been sustained flatly and we have been reversed on legal points completely, too.

Mr. WEBB. May I answer that, sir?

There has been a total number of 184 appeals. The Commission has been affirmed in 72 of those appeals containing 98 dockets. The Commission has been reversed on 34 occasions involving 55 dockets. That is over the total life of the Commission. There are, of course, cases which have been partially affirmed and partially reversed. This accounts for the difference in the total of the figures.

Mr. KUYKENDALL. So that is about 2 to 1 in our favor.

Mr. EVANS. Pretty good batting average.

Mr. KUYKENDALL. Well, I guess it is. The cases are very involved and it is not very hard for a court to find something that they think is wrong about it.

Mrs. HANSEN. As you get deeper into this accounting problem do you sense that there may be more and more appeals?

Mr. KUYKENDALL. Well, we know how many there are but we don't know much else about them except they are accounting cases. The numbers of them cannot increase. We are still somewhat in the dark as to the complexity of them.

Mrs. HANSEN. Will there be a tendency to reopen some of these cases?

Mr. KUYKENDALL. We won't and and can't reopen any old cases now.

Mrs. HANSEN. No, but supposing you have a new type of case, which the accounting ones are.

Mr. KUYKENDALL. Yes. Well, I believe Mr. Webb wants to answer the question.

Mr. WEBB. I hope, if I may intrude.

The figure of 45 that we give on the accounting cases has been reduced by one or two through compromise and so on. These are what are known as hardcore accounting cases. These are the general accounting cases. There remain also some six or seven counts in various cases which are subject to accounting procedures and which undoubtedly will be pursued.

However, when the Commission ultimately gets the answers that have been posed by these problems, there is no way that I see at the moment that these answers can increase the number of cases.

However, we will have to await certain appellate answers before we are going to be able to make a great deal of progress toward completion of the accounting cases.

### RENTAL OF GSA SPACE

Mrs. HANSEN. You are requesting an increase of $83,000 for rent, which is a new item. This is a result of the recently enacted law requiring agencies to show their own rental costs of facilities owned or leased by GSA.

How was this amount determined and what is the current rental?

Mr. KUYKENDALL. We have had nothing to do with it and we don't know what it was before. GSA paid it in the past and this is just a different method of handling it.

Mrs. HANSEN. Yes; we discovered this.

Mr. KUYKENDALL. We are billed.

Mrs. HANSEN. Would you request GSA to submit for us what their former rental was?

Mr. KUYKENDALL. You are asking we do that?

Mrs. HANSEN. Yes.

Mr. KUYKENDALL. All right, we will be glad to do it.

[The information follows:]

The General Services Administration has informed us that they are now paying $5.32 per square foot for the 12,940 square feet we occupy. The rate originally proposed for fiscal year 1975 was $7.37 per square foot; but this was later reduced 13 percent to the currently proposed $6.41 per square foot.

### TRAVEL ALLOWANCES

Mrs. HANSEN. What are the current travel allowances in effect for employees and members in fiscal year 1975?

Mr. KUYKENDALL. $15,000 I believe.

Mrs. HANSEN. What does that consist of? Per diem and——

Mr. KUYKENDALL. And transportation.

Mrs. HANSEN. I guess there are no further questions. Thank you all very much.

Mr. KUYKENDALL. Since I didn't read the whole statement I wonder now if you would give me permission to read the last section.

Mrs. HANSEN. I read that and I wanted to express my appreciation to you. Thank you very much.

Mr. KUYKENDALL. Thank you.

WEDNESDAY, FEBRUARY 27, 1974.

## DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

### INDIAN EDUCATION, OFFICE OF EDUCATION

### WITNESSES

**DR. JOHN OTTINA, U.S. COMMISSIONER OF EDUCATION**
**FRANK B. McGETTRICK, ACTING DEPUTY COMMISSIONER FOR INDIAN EDUCATION**
**LAWRENCE J. LaMOURE, PLANNING OFFICER, OFFICE FOR INDIAN EDUCATION**
**WILLIAM G. DEMMERT, JR., PROGRAM MANAGER, OFFICE FOR INDIAN EDUCATION**
**PURNELL SWETT, PROGRAM MANAGER, OFFICE FOR INDIAN EDUCATION**
**CORA P. BEEBE, ACTING BUDGET OFFICER, OFFICE OF EDUCATION**
**M. RENEA HICKS BUDGET ANALYST, OFFICE OF EDUCATION**

### INTRODUCTION OF WITNESSES

Mrs. HANSEN. We will now consider the request for the Indian Education Act program in the Office of Education, Department of Health, Education, and Welfare.

I have invited Dr. Benham from the BIA to be here because I have discovered the walk from BIA to HEW was so long that it took you a year to get together. I decided to have you meet in the committee room.

Our principal witness is Dr. John Ottina, the Commissioner of Education. Dr. Ottina, would you please introduce your witnesses?

Dr. OTTINA. Sitting on my left is Frank B. McGettrick, Acting Deputy Commissioner for Indian Education.

Seated to his left is Purnell Swett, who is Program Manager in our Office of Education, and sitting to his left will be Dr. William G. Demmert, also Program Manager in the Office of Education.

To my right, Mr. Wilford Forbush, who is with the Division of Budget Formulation in the Office of the Secretary.

### OPENING STATEMENT

Mrs. HANSEN. You have a general statement, I am sure, Dr. Ottina. If you would care to summarize it or read it, you may do as you please.

Dr. OTTINA. Thank you very much, Madam Chairman. I would prefer to read it for the committee.

Madam Chairman and members of the committee, I am happy to be here today to discuss with you our proposed fiscal year 1975 budget request for Indian education for the Office of Education. I would like to give a general overview of our proposals and then answer any questions you may have.

The 1975 budget requests $42 million for the Indian Education Act, the same amount provided in fiscal year 1974. Of this total, we are requesting $32 million for part B of the act which focuses on special demonstration projects for Indian children, and $8 million for part C

RC008390

which provides for special projects for Indian adults. This represents a shift in emphasis away from the program of formula grants to local educational agencies authorized under part A of the act, for which no funds are requested in 1975.

Of the $32 million requested for part B, $10 million will be used for the training of Indian teachers and administrators. The remaining funds for part B will be used to test the effectiveness of various approaches to the delivery of educational services; to develop and test various community school approaches; to develop approaches to early childhood education; and to develop techniques that stress remedial basic skills.

Under part C, we are requesting $8 million to provide for the support of adult education projects for Indians. We plan to develop models that explore a delivery mechanism, the use of English as a second language, literacy equivalency testing methods, and legal and consumer education for Indian adults.

We are also requesting $225,000 to support the National Advisory Council on Indian Education to perform their mandated functions, and $1,775,000 to support the Office of Indian Education in administering the Indian Education Act.

The Office of Education took its first significant step into Indian education in 1953, when Public Law 81-815, authorizing construction assistance in federally affected areas, was amended to include public school districts enrolling Indian children living on Federal land. The role was significantly increased in 1958 when Public Law 81-874, providing general operating resources to federally affected districts, was amended to allow public school districts enrolling Indian reservation children to receive both Johnson-O'Malley and Public Law 81-874 funds. The role of the Office of Education in Indian education was further expanded in 1967 when titles I, II, and III of the Elementary and Secondary Education Act were amended to include Indian children in Federal schools run by the Bureau of Indian Affairs.

These examples illustrate the Office of Education's increasing involvement over the past 21 years in supporting education programs benefiting Indians. In fiscal year 1975, in addition to funds requested under the Indian Education Act, about $145,000,000 will be available to Indians under various authorities in the Office of Education.

Because of the many Federal programs benefiting Indians, we have been working to coordinate our planning efforts within the Office of Education as well as with other agencies that have a responsibility for Indian affairs. For example, we have been working with the Bureau of Indian Affairs to strengthen our agreements with them regarding their administration of funds set aside from the various Office of Education programs. In addition, we are working toward improving an agreement to better coordinate the use of BIA scholarship funds with the Office of Education's higher education assistance funds.

### JOINT OE-BIA STUDY

In response to a request from this committee last year, we are beginning a study with BIA on the coordination of Federal funds affecting Indian children. Presently, local educational agencies receive funds which benefit Indian children under title I of the Elementary and

Secondary Education Act, the impact aid program, part A of the Indian Education Act, and the Johnson-O'Malley program. This study will be conducted through a sample of 15 local educational agencies within 6 States. From the results of the study, we expect to make administrative changes in the programs we manage in order to better serve the educational needs of Indian children.

Let me parenthetically add, Madam Chairman, in this regard our thinking was that we should, for the fiscal year 1975, propose funds to be appropriated under parts B and C, rather than including part A, because we felt that we needed to learn more about potential overlaps I described before your committee last time.

Also, we felt it was important to deal with a series of recommendations for Indian children and parts B and C would enable us to develop programs to specifically serve Indian children and adults.

Indian education is faced with serious problems at all levels of schooling. Information is needed about what kinds of educational practices and delivery systems are effective for American Indians. We also need improved information about what constitutes a good Indian education curriculum. This information is necessary because the present educational system has not been successful for many Indian students. American Indian students, for example, score lower at every grade level than does the average pupil. In addition, Indian students have greater problems with reading and mathematics development. Further, the dropout rate among Indian students is exceptionally high.

The American Indian, like other minority groups, sees education as a key to improving the quality of life for himself and his children. Therefore, we must find the key to enable him to reach his goals. This is the reason why we are suggesting larger expenditures in parts B and C of the act in fiscal year 1975.

We will be very happy to answer any questions.

### JUSTIFICATION MATERIAL

**Mrs. Hansen.** We will insert the justifications at this point in the record.

[The justification follows:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF EDUCATION
INDIAN EDUCATION

## HIGHLIGHT STATEMENT

### Priorities in Indian Education

The 1975 budget recommends $42,000,000 for special projects under the Indian Education Act (P.L. 92-318, Title IV) which address the educational needs of American Indians. The Federal role, as reflected by the budget, will focus upon institutional reform in an effort to improve the delivery of educational services to Indians and to develop useful curricula for Indian students.

To accomplish these objectives, the budget recommends $32,000,000 for Part B of the Act which authorizes the Commissioner of Education to carry out a program of improving the educational opportunities of Indian children by making grants to (1) support planning, pilot, and demonstration projects; (2) develop models for regular school programs in which Indian children are educated; (3) establish and operate preservice and inservice training programs for educational personnel; and (4) provide services not otherwise available, and disseminate information and materials which may offer educational opportunities to Indian children. These grants, awarded on a competitive basis, are aimed primarily at Indian tribes and organizations as well as to State and local educational agencies.

In addition, $8,000,000 is requested for Part C to provide for the support of adult education projects, particularly in the areas of literacy and high school equivalency training. Preference is given to Indian tribes, institutions, and organizations in awarding grants under this part of the Act. Plans include the development of models that explore a delivery mechanism, English as a second language, literacy equivalency testing methods, and legal and consumer education.

To ensure that the educational views of the Indian community are represented, Part D of the Indian Education Act provides for the establishment of the Office of Indian Education within the Office of Education. This office, which administers the project authorities of the Act, is under the direction of a Deputy Commissioner for Indian Eduation appointed by the Commissioner of Education from a list of names submitted by the National Advisory Council on Indian Education.

The National Advisory Council on Indian Education is also established under Part D. The law stipulates that the Council be made up of 15 persons who are Indians or Alaska Natives, and that members be appointed by the President from lists supplied by Indian tribes and organizations. Appointments to the Council are to represent "diverse geographic areas" of the nation. The 1975 budget recommends $2,000,000 for program administration and for the National Council.

In addition to funds for special projects under the Indian Education Act, Indian pupils will also be eligible for Federal education dollars under other programs directed toward the poor, educationally disadvantaged, handicapped, non-English speaking, and postsecondary students. In fiscal year 1975, in addition to funds requested under the Indian Education Act, about $145,000,000 will be available to help Indian students under various authorities in the Office of Education, such as Title I of the Elementary and Secondary Education Act. Further, under the Johnson-O'Malley Act of 1927 which is administered by the Bureau of Indian Affairs, funds are provided to local school districts where reservation-based Indians attend public schools.

### Indian Participation in the Educational System

The Indian population is among the most deprived and isolated of the minority groups in the nation. The need for a program of educational assistance for Indians is illustrated by the following statistics:

The total Indian population is estimated to be more than 793,000. About half the American Indian population is age 17 or younger. (In contrast, the median age for the U.S. population as a whole is 28 years.) Thus, the importance of the educational process, central for any social, national, or cultural group, is pivotal for the American Indian.

Available estimates of the number of school age children defined as Indian vary, increasing as they become more recent. Official 1968 estimates placed the school age population at that time at over 150,000. More recently, in its fall 1973 survey of Indian children enrolled in public schools, the Office of Indian Education found 270,000 students.

The number of children "not in school" has been estimated to be as high as 16,000, with about half the cases due to a lack of school facilities which can serve these children.

Retention and Drop-out Rates

Participation statistics in general show a gradual increase in the attendance and "holding power" of Indians in schools, but still at levels behind the overall population.

Data on dropout rates show that about 50 percent of the Indian population fails to complete all 12 grades of school (though some estimates suggest a recent improvement in this figure). The dropout rate takes its toll at each grade level, but peaks in intensity in the high school years when the Indian rate rises to 60 percent. However, recent studies also show an increasing proportion of Indian youth attending and graduating from high school. Studies conducted in 1968 showed that about 55 percent of Indian youth who had been eighth graders in 1968 had graduated from high school.

Data on college attendance show that only 1 to 4 percent of the American Indians who enter first grade finish college, as opposed to about 20 percent of the U.S. population at large (1968-69 figure). The number of American Indians in college, although small, has increased. Less than 200 Indians were in college in 1950; yet by 1959 more than 4,300 were attending colleges and universities.

Achievement Measures

Twenty years ago, a nationwide testing program carried on by the Bureau of Indian Affairs (1951-54) showed Indian school children to be below national norms after the fourth grade. The findings of this study have been corroborated through the study of another national sample.

The 1966 Coleman Report (Equality of Educational Opportunity) studied such achievement measures as reading comprehension, mathematics, verbal ability, non-verbal ability, and general information, in a large national sample of sixth, ninth, and twelth grades. The results established that the American Indian (like other minority groups studies) scores significantly lower at every grade level than does the average white pupil. Further, the degree of lag was greater at the twelfth grade than the first, which means that Indian children lose ground the longer they stay in school.

Special Problems of Indian Education

A number of measures suggesting the educational needs and problems of American Indians were reported in the chapter on "American Indian Pupils" of the 1970 Survey of Comprehensive Education. The study is based upon a national sample of over 23,000 American Indian children who were in the second, fourth, and sixth grades in 1968-69. The schools employed in the sample were participants in programs under Title I of the Elementary and Secondary Education Act of 1965 which supports remedial and compensatory programs with Federal funds. The major findings include the following:

Educational background of parents is relatively low. Thirty-six percent of the parents did not continue beyond grade school.

Reported parental incomes and occupational level is correspondingly low. About 63 percent of families report incomes not exceeding $6,000.

Reading below grade level is a serious problem. Teachers report that 38 percent of second and fourth graders, and 34 percent of sixth graders, are reading below grade level.

Mathematics development is also a problem. The proportion of Indian children with special needs in mathematics rises from 32 percent in the second grade, to 41 percent in the fourth grade, to 46 percent in the sixth grade.

Special needs in language development increases throughout the grades. For language, the percent with critical needs rises from 31 percent (second grade) to 37 percent (fourth grade) to 46 percent (sixth grade).

Teacher-parent interaction is low. Nearly 40 percent of the cases had no teacher-parent contact regarding pupil progress, and nearly 70 percent had no contact regarding behavior. Of the contacts which did occur, the majority occurred only once.

## Federal Assistance for Indian Education

The sketch of American Indian education given in the previous sections suggests problems at all levels of schooling. Because of the youth of the Indian population and the large number of school age Indian children, education is one of the primary resources available to the modern Indian to improve the quality of life for himself and for his children.

In order to improve the quality of education of the Indian population, information is needed about effective educational practices and delivery systems for American Indians. Improved information is also necessary to determine what constitutes a good Indian education curriculum. To meet these needs, the 1975 budget proposes to concentrate funds on the special project authorities in Parts B and C of the Indian Education Act rather than requesting funds for Part A which would provide funds on a formula basis to local educational agencies. This focus will provide the Indian community with an opportunity to play a significant role in the development and operation of educational programs directed toward their needs. Together with funds from other Office of Education programs and from the Bureau of Indian Affairs, progress should be made in finding solutions to the educational problems of the American Indian.

## OFFICE OF EDUCATION

### Indian Education

| | | |
|---|---|---|
| Appropriation, 1973 | | $ 18,000,000 |
| Total amount available | | 18,000,000 |
| Appropriation, 1974 | $ 40,000,000 | |
| Comparative transfer from Office of Education "Salaries and Expenses", excluding amount withheld pursuant to P.L. 93-192 ($93,000) | + 1,759,000 | |
| Total amount available, 1974 | | 41,759,000 |

### Summary of Increases and Decreases, 1975

| | |
|---|---|
| **Special Projects** | |
| To provide for program increases for planning, pilot, and demonstration projects for Indian children ($20,000,000) and for improving employment and educational opportunities for Indian adults ($5,000,000) | +25,000,000 |
| Net change | +25,000,000 |
| **Payment to Local Educational Agencies for Indian Education** | |
| No funds are requested for this authority in the 1975 budget. Funding of Indian Education activities will be accomplished through the Special Projects authority | -25,000,000 |
| Net change | -25,000,000 |
| **Program Administration** | |
| To provide for mandatory increase | + 241,000 |
| Net change | + 241,000 |
| Net change, 1975 | + 241,000 |
| Budget estimate, 1975 | 42,000,000 |

## Indian Education

### Analysis by Activities

| Activity | Amount Available 1973 | Amount Available 1974 | Estimate 1975 | Increase (+) Decrease (-) |
|---|---|---|---|---|
| Special Projects | $ 5,440,000 | $ 15,000,000 | $ 40,000,000 | +$25,000,000 |
| Payments to Local Educational Agencies for Indian Education........ | 11,496,807 | 25,000,000 | --- | -25,000,000 |
| Program Administration... | 658,961 | 1,759,000[1/] | 2,000,000 | + 241,000 |
| Sub-total - obligations | 17,595,768 | 41,579,000 | 42,000,000 | + 241,000 |
| Unobligated balance lapsing................ | 404,232 | --- | --- | --- |
| Budget authority........ | 18,000,000 | 41,759,000 | 42,000,000 | + 241,000 |

### 1. Special Projects

| Sub-Activity | Amount Available 1973 | Amount Available 1974 | Estimate 1975 | Increase (+) Decrease (-) |
|---|---|---|---|---|
| (a) Special projects for Indian children | $ 5,000,000 | $ 12,000,000 | $ 32,000,000 | +$20,000,000 |
| (b) Special projects for Indian adults | 440,000 | 3,000,000 | 8,000,000 | 5,000,000 |
|  | 5,000,000 | 15,000,000 | 40,000,000 | +25,000,000 |

[1/] Reflects a 1974 comparative transfer, -$1,759,000; from "Salaries and Expenses, Office of Education"

### 1. Special Projects
### SUMMARY OF CHANGE

Program
Increases:

|  |  |
|---|---|
| Expansion of special projects for Indian children.......... | $20,000,000 |
| Expansion of special projects for Indian adults............ | 5,000,000 |
| Total, program increases.............................. | 25,000,000 |
| Total increase........................................ | 25,000,000 |

(a) Special projects for Indian children--The 1974 estimate of $32,000,000 provides an increase of $20,000,000 over the 1974 estimate of $12,000,000.

Need for increase

The requested increase consists of:

| | |
|---|---|
| Program | |
| Increases: | |
| Expansion of special projects for Indian children | $ 20,000,000 |
| Total, program increase | 20,000,000 |
| Total increase | 20,000,000 |

Part B of the Indian Education Act authorizes grants to support planning, pilot, and demonstration projects to test and demonstrate the effectiveness of programs for improving educational opportunities for Indian children, to provide services not otherwise available, and to assist in the development and operation of preservice and inservice training programs for educational personnel. Grants are made, upon receipt of applications and approval by the Commissioner of Education, to Indian tribes, organizations and institutions, State and local educational agencies, and Federally supported elementary and secondary schools for Indian children.

Plan of Work

In order to improve accessibility to the school structure by the Indian community, the requested appropriation for fiscal year 1975 will be used for the following purposes:

1. To improve the image and understanding of the school system and its personnel among the Indian community, $10,000,000 will be used to train Indian teachers and administrators. The funds will be distributed in the following manner: $5,500,000 for classroom personnel, $3,000,000 for special services personnel and $1,500,000 for administrators.

2. To improve the educational opportunities of the Indian child, $6,000,000 will be used to begin the development of new approaches to the delivery of educational services. Because of their physical isolation, many Indian communities lack the full range of educational opportunities. Therefore, new ways must be found to improve their availability.

3. To improve the delivery of comprehensive educational and social services, $6,000,000 will be used to test models of the "community school approach", stressing educational programs at all age levels, from pre-school through community college. One approach will be developed to provide Indians residing in urban areas with an educational experience to meet their needs through a revised curriculum depicting the transitional problems of Indians migrating to the cities and their expected role in urban community life, while preserving their cultural heritage.

4. To improve the readiness of the Indian child for school, $5,000,000 will be used to develop various approaches for pre-school education. The Indian child who is already in school, but who has not progressed past the third grade in building these approaches will also be involved. An attempt will be made to have the Indian community develop early childhood approaches building from the present knowledge bases which have been assembled from the other compensatory educational programs.

5. To improve the educational attainment of Indians, $5,000,000 will be devoted to the development of teaching techniques that stress basic skills development.

## SPECIAL PROJECTS FOR INDIAN CHILDREN (PART B)

Number of Projects Funded

| 1973 Actual | 1974 Estimate | 1975 Estimate |
|---|---|---|
| 51 | 120 | 60 |

## FY 1973 PART B PROJECTS BY STATE

| State | Number of Projects | Total Amount |
|---|---|---|
| Alaska | 1 | $ 200,000 |
| Arizona | 7 | 994,239 |
| California | 4 | 582,116 |
| Colorado | 2 | 250,000 |
| Florida | 1 | 30,539 |
| Kansas | 1 | 50,000 |
| Maine | 1 | 44,819 |
| Massachusetts | 1 | 125,000 |
| Minnesota | 4 | 380,432 |
| Montana | 1 | 164,170 |
| Nebraska | 1 | 25,000 |
| Nevada | 3 | 75,000 |
| New Mexico | 5 | 688,600 |
| New York | 3 | 266,273 |
| North Carolina | 1 | 75,000 |
| Oklahoma | 5 | 379,600 |
| Oregon | 3 | 186,232 |
| South Dakota | 1 | 66,780 |
| Washington | 2 | 70,000 |
| Wisconsin | 3 | 296,200 |
| Wyoming | 1 | 50,000 |
| TOTAL | 51 | $ 5,000,000 |

(b) Special projects for Indian adults - The 1975 estimate of $8,000,000 provides an increase of $5,000,000 over the 1974 estimate of $3,000,000.

Need for increase

The requested increase consists of:

| | |
|---|---|
| Program | |
| Increases: | |
| Expansion of special projects for Indian adults | $5,000,000 |
| Total, program increase | 5,000,000 |
| Total increase | 5,000,000 |

Part C of the Indian Education Act supports projects designed to improve the employment and educational opportunities for adult Indians. Grants are made, upon receipt of applications and approval by the Commissioner of Education, to Indian tribes, organizations and institutions, and State and local educational agencies.

Plan of Work

In order to improve the access of the adult Indian to the economy and social structure, in fiscal year 1975, $8,000,000 for Part C will be devoted to developing approaches and techniques that result in the creation of a delivery system for the education of the adult Indian, through projects that stress system reform, English as a second language, literacy equivalency testing methods, and legal and consumer education. In addition, a survey of adult Indian education in the Nation will be conducted to help determine the directions this program might take in future years.

## SPECIAL PROJECTS FOR INDIAN ADULTS (PART C)

Number of Projects Funded

| 1973 Actual | 1974 Estimate | 1975 Estimate |
|---|---|---|
| 10 | 30 | 25 |

### LIST OF FY 1973 PART C PROJECTS

1. Stanislaus Chapter, California Indian Education Association - Modesto, California
   Training Project in Communication Skills and Educational Improvement
2. East Point Community Action Committee - Carrabelle, Florida
   Indigenous Community Education Program
3. Northern Cheyenne and Crow Tribes - Lame Deer, Montana
   A Proposal for a Northern Cheyenne and Crow Indian Adult Education Field Staff Training and G.E.D. Intensification Project
4. St. Paul American Indian Center - St. Paul, Minnesota
   Plan and Demonstrate a System for Career Development Programs, To Reach and Motivate Unemployed or Underemployed Young Indian Adult and Highschool Dropouts Living in Metropolitan Area
5. American Indian Law Students Associations, Inc. - Albuquerque, New Mexico
   Legal Literacy Programs for Indians
6. Pueblo of Zuni - Zuni, New Mexico
   Zuni Learning Center
7. Sisseton-Wahpeton Sioux Tribe - Sisseton, South Dakota
   Adult Learning Center Pilot Project
8. Utah Navajo Development Council - Clanding, Utah
   Functional Oracy - Literacy Proposal
9. Nooksack Board of Trustees - Everson, Washington
   Adult Education Survey and Demonstration Project
10. Coalition of Eastern Native Americans - Washington, D.C.
    Adult Motivational Education Program for Eastern Native Americans

### ITEMIZATION OF ESTIMATE

Special Projects

| Obligations by Object | Actual 1973 | Amount Available 1974 | Estimate 1975 | Increase (+) Decrease (-) |
|---|---|---|---|---|
| 41 Grants, subsidies and contributions | $ 5,440,000 | $15,000,000 | $40,000,000 | +$25,000,000 |
| Net obligations | $ 5,440,000 | $15,000,000 | $40,000,000 | +$25,000,000 |

Payments to Local Educational Agencies for Indian Education - The 1975 budget requests no funds for this authority. Instead the budget proposes shifting funds to the Special Projects authority.

Part A of the Indian Education Act is authorized to grant financial assistance to local educational agencies for elementary and secondary programs to meet the special educational needs of Indian children. In addition to the amount appropriated for local educational agencies, five percent is reserved for grants to non-local educational agencies which are primarily Indian tribes and organizations. Grants are made to applicant local educational agencies according to the number of Indian students enrolled multiplied by the State average per pupil expenditure.

Plan of Work

Part A is a service-oriented program, but because of the lack of effective educational materials and delivery systems for the American Indian--essential components of a service program--the funds for Part A cannot be used in an effective manner. Further, support for services for Indians is provided under a number of other Office of Education programs, as well as programs administered by the Bureau of Indian Affairs. Therefore, no funds have been requested for this program in fiscal year 1975. Instead, the 1975 budget proposes to concentrate funds under Parts B and C in order to demonstrate effective educational techniques and practices for Indian Education. The Federal role reflected by this strategy involves focusing upon institutional reform in an effort to improve the delivery of educational services to Indians. Institutional reform can only occur when knowledge available about Indian education and the quality of Indian education programs has been improved.

Significant numbers of Indian children will continue to receive educational services under other Federal programs such as the Johnson O'Malley programs in the Bureau of Indian Affairs and under the Office of Education's proposed educational grants consolidation.

ITEMIZATION OF ESTIMATE
Payments to Local Educational Agencies for Indian Education

| Obligations by Object | Actual 1973 | Amount Available 1974 | Estimate 1975 | Increase (+) Decrease (-) |
|---|---|---|---|---|
| 41 Grants, subsidies and contributions... | $11,496,807 | $25,000,000 | --- | -$25,000,000 |
| Net obligations.. | $11,496,807 | 25,000,000 | --- | - 25,000,000 |

## FUNDING PATTERN FOR PART A

| | 1973 | | | 1974 Estimate | | |
|---|---|---|---|---|---|---|
| | Number of Applications Received | Number of Grants Awarded | Total Funds Awarded | Number of Applications Received | Number of Grants Awarded | Total Funds Awarded |
| LEA's | 553 | 436 | $10,949,189 | 1,300 | 1,050 | $23,809,523 |
| Non-LEA's | 26 | 10 | 547,618 | 35 | 25 | 1,190,477 |
| Total | 579 | 446 | $11,496,807 | 1,335 | 1,075 | $25,000,000 |

## NON-LEA's FUNDED UNDER PART A IN FY 1973

| | |
|---|---|
| Miccosukee (Florida) | $ 3,631 |
| Busby School (Montana) | 50,836 |
| Ramah Navajo School (Arizona) | 51,105 |
| Rock Point School (Arizona) | 132,133 |
| Rough Rock Demonstration School (Arizona) | 208,314 |
| Wind River Indian Assn. (Wyoming) | 8,650 |
| United Tribes of North Dakota (North D.) | 3,272 |
| Red Cloud Indian School (South Dakota) | 38,000 |
| Devil's Lake Sioux (North D.) | 18,744 |
| Blackfeet Free School (Montana) | 32,933 |
| Total | $547,618 |

## INDIAN EDUCATION

### 3. Program Administration

| | Actual 1973 | Amount Available 1974 | Estimate 1975 | Increase (+) Decrease (-) |
|---|---|---|---|---|
| Program Administration | $658,961 | $1,759,000 | $2,000,000 | + $241,000 |

The 1975 estimate of 50 positions and $2,000,000 provides an increase of $241,000 over 1974.

Need for increase

The requested increase consists of:

| | |
|---|---|
| Mandatory | |
| Increases: | |
| Annualization of new positions funded for part of 1974 | $248,000 |
| Total mandatory increase | 248,000 |
| Program | |
| Increases: | |
| Increased support for the National Advisory Council on Indian Education | 65,000 |
| Total program increase | 65,000 |
| Total increase | 313,000 |
| Mandatory | |
| Decreases: | |
| Decrease in equipment purchases after start-up costs | -8,000 |
| Decrease in renovation costs after start-up costs | -37,000 |
| Decrease due to second year rental charges being included in the Standard Level Usage Charge (SLUC) system in the Office of Education's "Salaries and Expenses" appropriation account in 1975 | -27,000 |
| Total mandatory decrease | -72,000 |
| Net increase | 241,000 |

Part D of the Indian Education Act refers to the General Education Provisions Act (Sections 400(c), 411, and D) as authority for funds to operate the Office of Indian Education and the National Advisory Council on Indian Education. Funds appropriated for this activity support the salaries, travel, and other administrative expenses for the Office and the Council, as well as planning and evaluation studies necessary for program support.

Plan of Work

In order to improve the access of the Indian child to the existing school structure, the Office of Indian Education will perform the following activities:

1. Staff the Office of Indian Education at a level of 50 fulltime positions.

2. Develop program support packages that would be of assistance in local project operations.

3. Conduct studies into program delivery systems and identify successful and effective projects funded under the Act. ($210,000)

4. Monitor and make plans for the program's functioning. Specifically, successful Part B and Part C projects would be studied to find methods by which they could be adapted by local school systems as part of their regular school program. ($300,000)

5. Fund the 15 member National Advisory Council on Indian Education so that it might fulfill its legally mandated requirements. ($225,000)

### ITEMIZATION OF ESTIMATE
### Program Administration

| Obligations by Object | Actual 1973 | Amount Available 1974 | Estimate 1975 | Increase (+) Decrease (-) |
|---|---|---|---|---|
| 11 Personnel compensation ....... | $ 531 | $751,000 | $943,000 | + $192,000 |
| 12 Personnel benefits........... | 31 | 63,000 | 79,000 | + 16,000 |
| 21 Travel and transportation of persons.......... | 9,398 | 49,000 | 62,000 | + 13,000 |
| 22 Transportation of things............. | --- | 3,000 | 4,000 | + 1,000 |
| 23 Rent, communications, and utilities....... | --- | 54,000 | 68,000 | + 14,000 |
| 24 Printing and reproduction........ | --- | 42,000 | 52,000 | + 10,000 |
| 25 Other services........ | 644,535 | 766,000 | 767,000 | + 1,000 |
| 26 Supplies and materials........... | --- | 7,000 | 9,000 | + 2,000 |
| 31 Equipment............. | 4,466 | 24,000 | 16,000 | - 8,000 |
| Net obligations..... | $658,961 | $1,759,000 | $2,000,000 | + $241,000 |

### ITEMIZATION OF ESTIMATE

### Indian Education

| Obligations by Object | Actual 1973 | Amount Available 1974 | Estimate 1975 | Increase (+) Decrease (-) |
|---|---|---|---|---|
| 11 Personnel compensation | $ 531 | $ 751,000 | $ 943,000 | +$192,000 |
| 12 Personnel benefits | 31 | 63,000 | 79,000 | + 16,000 |
| 21 Travel and transportation of persons | 9,398 | 49,000 | 62,000 | + 13,000 |
| 22 Transportation of things | --- | 3,000 | 4,000 | + 1,000 |
| 23 Rent, communications, and utilities | --- | 54,000 | 68,000 | + 14,000 |
| 24 Printing and reproduction | --- | 42,000 | 52,000 | + 10,000 |
| 25 Other services | 644,535 | 766,000 | 767,000 | + 1,000 |
| 26 Supplies and materials | --- | 7,000 | 9,000 | + 2,000 |
| 31 Equipment | 4,466 | 24,000 | 16,000 | - 8,000 |
| 41 Grants, subsidies and contributions | 16,936,807 | 40,000,000 | 40,000,000 | --- |
| Net obligations | 17,595,768 | 41,759,000 | 42,000,000 | + 241,000 |

## Indian Education

### Summary of Positions and Average Employment

**Positions**

| Activity | 1973 | 1974 | 1975 |
|---|---|---|---|
| Special Projects: | | | |
| (a) Indian children | --- | --- | --- |
| (b) Indian adults | --- | --- | --- |
| Total Special Projects | --- | --- | --- |
| Payments to Local Educational Agencies for Indian Education | --- | --- | --- |
| Program Administration | --- | 50 | 50 |
| Total | --- | 50 | 50 |

**Average Employment**

| Activity | 1973 | 1974 | 1975 |
|---|---|---|---|
| Special Projects: | | | |
| (a) Indian children | --- | --- | --- |
| (b) Indian adults | --- | --- | --- |
| Total Special Projects | --- | --- | --- |
| Payments to Local Educational Agencies for Indian Education | --- | --- | --- |
| Program Administration | --- | 39 | 54 |
| Total | --- | 39 | 54 |

### STATUS OF THE JOINT STUDY WITH BIA

Mrs. **Hansen**. The committee report last year, as you noted, directed both BIA and HEW to review the various Indian education programs with the objective of developing an improved Indian education delivery program.

The committee wants to see that every Indian child has his proper share of money. One thing that disturbed the committee was that when we mentioned the Johnson-O'Malley program to you, Dr. Ottina, you hadn't the vaguest idea what it was.

There is a multitude of programs in the education area: impacted area aid, elementary and secondary education, plus the BIA programs. But it seems to me that it is still difficult to get dollars to do the job for all the education that is necessary in America, and to keep up with the demands which never seem to grow any less. We wanted to make sure there wasn't an overlap, to be sure that we didn't have a situation where some groups of Indian children were receiving dips from three funds while some other Indian children were receiving nothing. This is why we asked that you work with the BIA because that at least would get us coordinated as far as Johnson-O'Malley and other BIA programs. It took you fellows an awfully long time to get to a committee meeting.

Dr. **Ottina**. We do, Mrs. Hansen, share the same concerns and the possibility you express in your opening statement is indeed real.

We have, as I am sure you have heard yesterday, begun our project. We have agreed it would be codirected by two project Directors, one from BIA, Mr. George Scott, and one from the Office of Education, Mr. Larry LaMoure.

Perhaps Larry could briefly summarize where we are, what are our schedules and plans.

### THREE PARTS TO THE STUDY

Mr. **LaMoure**. We have met with BIA and we have started to formulate some plans. Part of our problems are technical in that we are trying to get information out of the computer regarding the impact of the various Federal funding sources on local school districts.

We have talked to some potential contractors who might help us in the study. What we are planning on doing is to conduct a three-part study. The first part would be to examine the traditional roles of the various agencies, regarding Indian education, how they came about, and their relationship to the elementary and secondary school structure. In the second part of the study, we will be looking at 15 local school districts in six States to get an indication of how the Federal funds actually operate in a local school situation.

Third, we are going to take the data we gather from the first two parts of the study and see what recommendations we can make, either legislative or administrative, in terms of changing guidelines, regulations, improving our own criteria for selection of projects and so forth.

Mrs. **Hansen**. I hope you give us background on where the overlaps have been and where they haven't been and where the injustice has occurred.

### DELAY IN GETTING STAFF FOR OFFICE OF INDIAN EDUCATION

Dr. OTTINA. Mrs. Hansen, let me just for the record note that we did have a little difficulty last year in obtaining staff to run this program. It was felt that staff should be furnished by the regular appropriations for HEW—that is, through the HEW-Labor Appropriations Subcommittee.

Because you had acted first or later, I don't remember the sequence, they had not provided staff. So we operated the program without staff until mid-December.

Mrs. HANSEN. I don't think you requested staff, did you?

Dr. OTTINA. Yes; we requested the same amount of staff that we did dollars for the program.

Mrs. HANSEN. Zero. That was your problem. Now, please put in the record at this point your total authorization.

### AUTHORIZATION LEVELS

Dr. OTTINA. The authorization, as I recall, for part B is $35 million.

Mrs. HANSEN. What is part A?

Mr. HICKS. That is an entitlement program coming to about $242 million in 1974.

Dr. OTTINA. It is an entitlement program based on our estimates of the number of children who are there and their entitlement. The full entitlement is $243,851,971. Of this amount, $232,239,972.48 is for local educational agencies.

Mrs. HANSEN. Tell me how many Indian children is this geared to serve if you were to have the full authorization and to pick up every Indian child?

Dr. OTTINA. Under the entitlement program, part A, the estimate I gave is based on 266,676 Indian children in public schools.

Mrs. HANSEN. Scattered in how many districts?

Dr. OTTINA. In 2,621 districts.

Mrs. HANSEN. Do you have any idea as to the ratio of Indians to whites in these districts? The problem is in one school district you may have one Indian child out of 100, and in another you may have 95 Indian children out of a hundred.

### ABSORPTION OF SPECIAL FUNDS INTO TOTAL SCHOOL BUDGET

The problem that brought this whole thing to a head, at least in the start, was the fact that in many instances where money was provided out of Johnson-O'Malley, or out of the impact aid program to actually provide for the additional remedial work and bilingual education to bring the Indian people into the mainstream of education, was expended not for Indian youngsters, but it went into the total school budget and was just used as kind of a general supplementary funding.

I understand that if there is one Indian child in a total school it would be difficult to have a special program but, on the other hand, you do have various categories of schools with varying levels. But if I remember correctly, a few years ago one district had five Indian children and I think something like 40 or 45 white children and they expected the construction of the kindergarten to be performed by the BIA.

### SCHOOL CONSTRUCTION FOR INDIANS

Another major problem is construction money that goes into the various school districts. In many cases, this is allocated, by the States.

Dr. OTTINA. Our program does not operate by a State allocated formula.

Mrs. HANSEN. Representatives from various public school districts come before this committee and ask for construction money for their schools. We have no authorization to provide this money, as you are well aware. We can be called to account on the floor of the House at any time by a point of order.

These are not budgeted funds at all, but I can think of several people in Montana who have been before us for the construction and reconstruction of public schools. They are becoming increasingly costly as construction costs go up and as the sophistication of school buildings grows. Yet there is a dire need. There are many school districts that have very inadequate facilities and they are largely attended by Indian youngsters.

BIA just did a very good study for us on the number of public school districts that have this problem. Perhaps in this area too there should be a combination of the different authorizations. Funds for Indian schools have received the short end of the stick for many years.

### INADEQUATE SCHOOL FACILITIES

In many of these facilities water is inadequate, the plumbing is inadequate, the sewage systems are poor, and there are many other inadequacies, particularly in the States I have referred to. We have some in New Mexico as well, and they are scattered throughout the Indian country.

The committee has probably each year something in the vicinity of $100 to $200 million worth of requests. We always find ourselves in the position of dividing up a cloth that isn't too big anyway to make some miniature tents for these districts. We have had to do it very carefully and reject some who have genuine problems.

I turn that problem over to you too, Dr. Ottina.

Mr. Benham is well aware of the problem. Mr. Wiles, the budget officer of Interior is well aware and Mr. Forbush should be well aware.

We would like you to report to us on that aspect of the problem.

### NEED FOR PROGRESS IN INDIAN EDUCATION

Mr. YATES. Madam Chairman, may I make a point? I am looking at a book entitled "Indian Education, Steps to Progress in the Seventies," put out by the U.S. Department of the Interior, Bureau of Indian Affairs.

I must say if one reads this book, Doctor, one doesn't get the same kind of impression one receives from your concluding statements.

For example, your concluding statement on page 4 talks about the fact that progress is necessary and then says:

> American Indian students, for example, score lower at every grade level than does the average pupil. In addition, Indian students have greater problems with reading and mathematics development. Further, the dropout rate among Indian students is exceptionally high.

When one reads this book on Indian education, one gets the idea that progress is necessary but it doesn't tell you what the situation is at all.

As Mrs. Hansen has pointed out, the Indian schools have suffered far beyond what schools in other areas have suffered. It seems to me the time has come to try to make progress that is necessary to eradicate the kind of condition you have described.

Mrs. HANSEN. I may say for the benefit of the gentlemen, when you see where we have been in Indian education in the Federal schools, there has really been some progress. Today we have a growing scholarship program and the counseling program we were able to start last year, and we hope to be able to continue. We can make more progress.

Dr. OTTINA. If I may just make an offer, it might be interesting to the committee to know we don't have all statistics on all things, but we do have a fair amount to compare the progress of Indian children versus others, to support the kind of statement that I made.

Incidentally, when you asked the preceding questions, I was reading off of our computer printout and this is a listing showing every school district with the number of Indian children who are there, what their full entitlement was and what they received. It would be easy for us to add the full enrollment of that school district so that you could have that comparison if you would like it.

Mrs. HANSEN. I think the committee should have it. Would you provide for the record a list of 25 representative school districts, showing the range in low, medium, and high, in terms of Indian population?

Also, at this point in the record, would you give us the amounts that are spent for the various programs in your office and also for the Johnson-O'Malley program in BIA?

This will give us a complete record of what is spent to date for this 266,000 American Indian students and that will give us a better picture.

[The information follows:]

A SAMPLE OF 25 SCHOOL DISTRICTS, BY SIZE OF INDIAN ENROLLMENT, INDICATING THEIR TOTAL STUDENT ENROLLMENT, THEIR INDIAN ENROLLMENT, THEIR FULL ENTITLEMENT UNDER PART A OF THE INDIAN EDUCATION ACT, AND THE AMOUNT OF FUNDING THEY RECEIVED UNDER PART A FOR FISCAL YEAR 1973

| DISTRICT NAME | STATE | TOTAL ENROLLMENT | INDIAN ENROLLMENT | PART A FULL ENTITLEMENT | PART A FUNDING |
|---|---|---|---|---|---|
| 1,000 or More Indian Students | | | | | |
| 1. Gallup | New Mexico | 11,934 | 8,817 | $6,102,684 | $ 590,825.24 |
| 2. Robeson County | North Carolina | 12,320 | 7,701 | 5,034,716 | 487,430.99 |
| 3. Todd County | South Dakota | 1,918 | 1,460 | 1,086,800 | 105,217.45 |
| 4. San Juan County | Utah | 2,679 | 1,235 | 935,000 | 90,521.09 |
| 5. Shawano | Wisconsin | 3,500 | 1,008 | 954,465 | 92,405.57 |
| 500-1,000 Indian Students | | | | | |
| 6. Greater Juneau Borough | Alaska | 4,283 | 815 | 1,254,144 | 121,418.70 |
| 7. Spokane | Washington | 32,973 | 791 | 532,862 | 51,588.50 |
| 8. Salmon River | New York | 1,955 | 663 | 1,054,869 | 102,126.09 |
| 9. Temple Elem 003 | Arizona | 12,956 | 528 | 407,088 | 39,411.82 |
| 10. Baltimore City | Maryland | 185,894 | 527 | 535,959 | 51,888.33 |
| 250-500 Indian Students | | | | | |
| 11. Cass Lake | Minnesota | 907 | 455 | 487,663 | 47,212.60 |
| 12. New Town | North Dakota | 818 | 364 | 271,063 | 26,242.69 |
| 13. Battiest | Oklahoma | 414 | 356 | 88,440 | 8,562.23 |
| 14. Cleveland | Ohio | 138,756 | 349 | 251,053 | 24,305.44 |
| 15. San Pasqual Valley Unif | California | 675 | 305 | 242,098 | 23,438.48 |

A SAMPLE OF 25 SCHOOL DISTRICTS, BY SIZE OF INDIAN ENROLLMENT, INDICATING THEIR TOTAL STUDENT ENROLLMENT, THEIR INDIAN ENROLLMENT, THEIR FULL ENTITLEMENT UNDER PART A OF THE INDIAN EDUCATION ACT, AND THE AMOUNT OF FUNDING THEY RECEIVED UNDER PART A FOR FISCAL YEAR 1973

| DISTRICT NAME | STATE | TOTAL ENROLLMENT | INDIAN ENROLLMENT | PART A FULL ENTITLEMENT | PART A FUNDING |
|---|---|---|---|---|---|
| 100-250 Indian Students | | | | | |
| 16. Hayward | Wisconsin | 1,745 | 243 | $ 260,661 | $ 25,235.63 |
| 17. Churchill County | Nevada | 2,979 | 196 | 161,398 | 15,625.59 |
| 18. Broward County | Florida | 129,418 | 150 | 89,577 | 8,672.31 |
| 19. Puyallup | Washington | 10,711 | 118 | 561,196 | 54,331.63 |
| 20. Park Rapids | Minnesota | 2,293 | 110 | 186,611 | 18,066.56 |
| 0-100 Indian Students | | | | | |
| 21. Messena | New York | 4,734 | 97 | 109,979 | 10,647.51 |
| 22. Remer | Minnesota | 743 | 95 | 87,635 | 8,484.29 |
| 23. Yakutat City | Alaska | 127 | 65 | 107,456 | 10,403.24 |
| 24. Summerville Elem | California | 404 | 32 | 31,464 | 3,046.16 |
| 25. Wickliffe | Oklahoma | 49 | 27 | 60,060 | 5,814.65 |

ESTIMATES OF FUNDS THAT BENEFIT INDIANS OR ARE ATTRACTED BY THE PRESENCE OF INDIANS FOR ALL OFFICE OF EDUCATION PROGRAMS AND THE JOHNSON O'MALLEY ACT ADMINISTERED BY THE BUREAU OF INDIAN AFFAIRS1/

| | 1973 Actual | 1974 Estimate | 1975 Estimate |
|---|---|---|---|
| Elementary & secondary education: | | | |
| 1. Educationally deprived children (ESEA I) | $38,967,233 | $42,288,398 | $ 2/ |
| 2. Supplementary services (ESEA III) | 1,345,882 | 1,350,000 | 2/ |
| 3. Bilingual education | 2,626,434 | 3,776,250 | 3,375,000 |
| 4. Right to Read (Coop. Res. Act) | 13,600 | 161,476 | 100,000 |
| 5. Civil rights advisory services (CRA IV) | 2,009,347 | 2,280,000 | 2,280,000 |
| 6. Follow through | 2,831,718 | 2,063,326 | 1,387,590 |
| 7. Equipment and minor remodeling (NDEA III) | 178,800 | 94,500 | 2/ |
| 8. Drug abuse education (DAE Act) | 250,000 | 150,000 | --- |
| 9. Environmental education (EE Act) | 27,880 | 25,000 | 2/ |
| 10. Nutrition & health (ESEA Sec. 808) | 213,531 | 288,000 | 2/ |
| Subtotal | 48,464,425 | 52,476,950 | 7,142,590 |
| Indian education: | | | |
| 1. Payments to local education agencies for Indian education (Part A, IEA) | 11,496,807 | 25,000,000 | --- |
| 2. Special projects (Part B and C, IEA) | 5,440,000 | 15,000,000 | 40,000,000 |
| 3. Program administration (GEPA) | 658,961 | 1,759,000 | 2,000,000 |
| Subtotal | 17,595,768 | 41,759,000 | 42,000,000 |
| School assistance in Federally affected areas: | | | |
| 1. Maintenance and operations (P.L. 874) | 27,669,000 | 30,839,000 | 31,137,000 |
| 2. Construction (P.L. 815) | 5,528,000 | 11,200,000 | 10,500,000 |
| Subtotal | 33,197,000 | 42,039,000 | 41,637,000 |

| | 1973 Actual | 1974 Estimate | 1975 Estimate |
|---|---|---|---|
| Emergency school aid: | | | |
| 1. Special projects: Bilingual education projects (ESAA, Sec. 708(c)............. | $ 303,950 | $ 360,000 | $ --- |
| 2. State apportionment (ESAA, Sec. 706(a), (b) and Sec, 708(b))... | 1,181,652 | 1,360,000 | --- |
| Subtotal.............. | 1,485,602 | 1,720,000 | --- |
| Education for the handicapped: | | | |
| 1. State grant program (EHA-B)...... | 130,000 | 371,391 | 2/ |
| 2. Deaf-blind centers (EHA-C, Sec. 622)...................... | --- | 76,900 | --- |
| 3. Specific learning disabilities (EHA-G)....................... | --- | 80,000 | 60,000 |
| 4. Regional resource centers (EHA-C). | --- | 52,600 | --- |
| 5. Special education and manpower development (EHA-D)............ | --- | 200,303 | 200,303 |
| Subtotal............... | 130,000 | 781,194 | 260,303 |
| Occupational, vocational and adult education: | | | |
| 1. Basic vocational education grants (VEA-B)........................ | 3,751,500 | 4,327,950 | 2/ |
| 2. Innovation (VEA-I)............... | --- | 175,000 | 2/ |
| 3. Teacher Corps (EPDA, B-1)........ | 4,100,000 | 4,100,000 | 4,100,000 |
| 4. Other education professions development (EPDA, Parts C, D, E, F, and Sec. 504)............ | 4,351,746 | 4,023,500 | --- |
| 5. Adult education grants to States (AEA)......................... | 1,022,680 | 1,069,700 | 2/ |
| 6. Adult education special projects (AEA, Sec. 309)............... | 873,941 | 500,000 | 2/ |
| 7. Adult education teacher training (AEA, Sec. 309)............... | 160,000 | 160,000 | 2/ |
| 8. Dropout prevention (ESEA VIII)... | 421,000 | 208,000 | 2/ |
| Subtotal............... | 14,680,867 | 14,564,150 | 4,100,000 |

| | 1973<br>Actual | 1974<br>Estimate | 1975<br>Estimate |
|---|---|---|---|
| Higher education: | | | |
| 1. Basic opportunity grant (HEA IV-A(1)).................. | $ 1,105,000 | $ 4,500,000 | $11,900,000 |
| 2. Supplementary educational opportunity grants (HEA IV-A(1)).... | 1,250,000 | 1,250,000 | --- |
| 3. Work-study (HEA-C)............... | 1,500,000 | 1,500,000 | 1,400,000 |
| 4. Cooperative education (HEA IV-D). | 160,000 | 160,000 | 160,000 |
| 5. Subsidized insured loans (HEA IV-D)..................... | 12,000,000 3/ | 12,600,000 3/ | 17,500,000 3/ |
| 6. Direct loans (HEA IV-E).......... | 1,500,000 | 1,600,000 | 600,000 |
| 7. Special programs for the disadvantaged (HEA IV-A(4))....... | 2,932,900 | 2,932,900 | 2,932,900 |
| 8. Strengthening developing institutions (HEA III)................ | 3,236,122 | 3,300,000 | 3,300,000 |
| 9, University community services (HEA-I)........................ | 70,153 | 70,000 | --- |
| Subtotal............... | 14,149,009 | 19,032,900 | 24,780,133 |
| Library resources: | | | |
| 1. Grants for public libraries (LSCA I)........................ | 241,861 | 250,000 | 200,000 |
| 2. School library resources (ESEA II)....................... | 411,925 | 188,229 | 2/ |
| 3. Training and demonstrations (HEA II-B)..................... | 518,588 | 500,000 | --- |
| Subtotal............... | 1,172,374 | 938,229 | 200,000 |
| Proposed legislation: | | | |
| 1. Consolidated education grants legislation.................... | --- | --- | 53,500,000 |
| 2. Interlibrary cooperation and demonstrations.................. | --- | --- | 200,000 |
| 3. Proposed legislation - Emergency School Aid...................... | --- | --- | 500,000 |
| Subtotal............... | --- | --- | 54,200,000 |

| | 1973 Actual | 1974 Estimate | 1975 Estimate |
|---|---|---|---|
| TOTAL, Office of Education....... | $140,480,211 | $182,191,423 | $187,332,793 |
| Johnson-O'Malley Act (BIA-administered) | 25,352,000 | 25,352,000 | 27,952,000 |
| TOTAL, BIA and OE | 165,832,211 | 207,543,423 | 215,284,793 |

---

1/ In some instances, the dollars estimated for Indian education constitute the amount of funds "attracted" by the presence of Indians or Indian lands. The two principal programs in which this situation occurs are ESEA I and P.L. 874. For ESEA I, when the local educational agency receives its funds, it determines (within the limits of the law) how the funds are distributed to the individual schools within the district. Thus, the dollars drawn to that district as a result of the presence of Indians do not necessarily benefit those Indians. For P.L. 874, once the Federal funds are at the district level, those funds must benefit all students within that district equally. In this case, only a percentage of the funds drawn to the district as a result of the presence of Indian lands benefit the Indians.

2/ To be included in educational grants consolidation.

3/ The amounts shown represent the level of student loans supported by Federal interest subsidies of $2,394,834 in 1973; $3,720,000 in 1974; and $4,487,233 in 1975.

### ATTEMPTS TO DETERMINE SUCCESSFUL PROJECTS

Dr. OTTINA. As I mentioned last time, Mrs. Hansen, there are other acts under which funds go to Indian children.

Mrs. HANSEN. Will you please include those?

Dr. OTTINA. The children I quoted for you were elementary and secondary.

Mrs. HANSEN. Include your higher education fund also.

Mr. MCDADE. I think those figures will be very helpful. I wanted to ask whether or not when we get those gross figures it might be possible to get some information from the Office of Education about which of the efforts that are made to get funds into here to help are successful and which, if any, in the judgment of the Office, are not well spent.

I think an evaluation like that might be helpful.

Do you believe it would be helpful to know whether or not some programs seem to be bearing fruit while others seem to be more ineffective?

Dr. OTTINA. If the question perhaps could be narrowed in the very narrow sense of best served Indian children, I think it might be helpful. We do have programs here in which Indian children can participate, but are not being served so well as with that same dollar in another program, though the program is for children at large.

Mrs. HANSEN. In other words, some work in some places and not in others.

Dr. OTTINA. Yes; I think the question we would prefer to respond to, if it meets your requirements, is our special benefits for Indian children.

Mr. MCDADE. I would like to build in some kind of efficiency coefficient into the figures.

Mrs. HANSEN. You must have some feel for that.

Dr. OTTINA. We have some feel for it, but I don't know that we could give you a 73-percent efficient number on each one or something like that.

### RATIONALE FOR NO REQUEST FOR PART A

Mrs. HANSEN. You are requesting no funds for part A, the entitlement program. What is the rationale for this?

Dr. OTTINA. It is basically a two-sided rationale. The first is the rationale based on the overlap we have talked about before and the need for the study your committee has asked for.

The second rationale is that from what we have been able to discern, Indian children and adults have special problems where we need to develop special methods for attacking these problems, and therefore, the money we are asking for under parts B and C is money that would help us better understand what they need and will enable us to develop and demonstrate programs for particular needs before we pump in general funds.

Mrs. HANSEN. How much have you used to date in your part A program?

Dr. OTTINA. In 1973 we used an amount slightly over $11 million. We have not yet distributed 1974 funds.

### USE OF PART A FUNDS IN GENERAL SCHOOL FUND

Mrs. HANSEN. Dr. Ottina, does this go into the general school education program or is it separated and used for Indian programs?

Dr. OTTINA. I would like Bill Demmert, who manages this part A program, to speak to this.

Mr. DEMMERT. The question, as I understand it, was whether or not part A money was being put into the general fund.

Mrs. HANSEN. General funds of the school district.

Mr. DEMMERT. By law, the money under part A—as you know—can only be used for meeting the needs of the Indian student and, for the most part, I would say over 90 percent of the programs in the United States are attempting to do that.

The other part—and I think it is very important for channeling money into proper areas—is that the parent advisory committee, by law, has signoff authority as to what the money will be used for. This gives them muscle they have never had before.

Mrs. HANSEN. I don't think that requesting no funds for part A is going to be too popular with some members.

Dr. OTTINA. Our response, Mrs. Hansen, is really that we are asking for the same amount of money.

### REDISTRIBUTION OF INDIAN EDUCATION FUNDS

Mrs. HANSEN. I know, but you have redistributed it.

Dr. OTTINA. Our intent was to redistribute it so we could have a stronger effort in developing some model programs and some programs that would better meet the needs of the Indian children.

Mrs. HANSEN. I know, I have had several letters from school people saying that this has been satisfactory and they have been able to develop some programs and I want to know if this is true. Have they been developing good programs under title A?

Mr. DEMMERT. We are still in the process of evaluating schools.

Mrs. HANSEN. Can you give me an example of what some of them have been?

Mr. DEMMERT. I can give examples of the kinds of things different schools are doing, such as curriculum development. Schools that have a 90 percent Indian student population are developing curricula designed specifically for that particular cultural group. In some cases, they bring parents in as aides to work with the Indian students. In other cases, they are working on remedial efforts, such as mathematics, reading, et cetera.

### 1973 PART A PROJECTS

Dr. OTTINA. We might submit for the record an analysis of these programs showing generally the number of proposals that we have received and funded under 1973 funds that address broad categories, if that would be helpful to you.

[The information follows:]

INDIAN EDUCATION NEEDS AS REFLECTED IN NUMBER OF FISCAL YEAR 1973 PT. A PROPOSALS

| Category | Type | Number |
|---|---|---|
| Curriculum inadequacies | Cultural | 223 |
| Methodological inadequacies | Teaching methods | 248 |
| Personal and social needs | Social adjustment | 155 |
| | Self-concept | 219 |
| Special service inadequacies | Counseling | 204 |
| | Community/parent relations | 116 |
| Educational achievement | Dropout rate | 138 |
| | Low grades | 136 |
| | Low scores | 100 |
| Staff inadequacies | Lack of Indian information | 124 |
| | Understaffed | 142 |
| Background inadequacies | Materials and supplies | 119 |

FUNDING PATTERN FOR PT. A IN FISCAL YEARS 1973 AND 1974

| | Fiscal year 1973 | | | Fiscal year 1974 estimate | | |
|---|---|---|---|---|---|---|
| | Number of applications received | Number of grants awarded | Total funds awarded | Number of applications received | Number of grants awarded | Total funds awarded |
| Local educational agencies | 553 | 436 | $10, 949, 189 | 1, 300 | 1, 050 | $23, 809, 523 |
| Nonlocal educational agencies | 26 | 10 | 547, 618 | 35 | 25 | 1, 190, 477 |
| Total | 579 | 446 | 11, 496, 807 | 1, 335 | 1, 075 | 25, 000, 000 |

Mrs. HANSEN. How many of these were accepted?

Dr. OTTINA. Those were the ones that were funded.

Mrs. HANSEN. Do you have any experience with some of these? Let's take your improvement projects. These 124 proposals meet some of the inadequacies?

Mr. DEMMERT. I don't think I can answer that directly.

Mrs. HANSEN. Let's take materials and suppplies. As you are aware, there are special materials and special things that are needed. Have you checked those?

Mr. DEMMERT. Most of the budgets that we received requested a substantial amount of money for materials and supplies which would imply that they were being purchased.

Mrs. HANSEN. What were these special supplies?

Mr. DEMMERT. The budgets submitted to our office do not identify specific items such as overhead projectors, or whatever.

Mrs. HANSEN. Give me an idea.

Mr. DEMMERT. I would have to refer to one of the programs. For example, a program that centered on Indian culture or Indian art would require money to be spent on paints and materials. In some cases a program would need mobile units designed for some kind of cultural activity that could be taken from school to school in a large district.

Mr. McGETTRICK. Mrs. Hansen, perhaps I could expand on this. At the outset of the program, we purposely installed an evaluation contract so that it could track the program from its inception on, and the analysis that you have before you there is sort of a first product.

This is the first result of a very extensive coding and analysis of proposals we received.

Following this, over the next 4 or 5 months, there will be additional data analyses that we would be able to forward to you as they are produced. To date, we haven't been able to really do a very detailed analysis because we have to take this one step at a time.

Dr. OTTINA. The problems with Indian children were problems we didn't know how to address.

Mrs. HANSEN. But, if you discontinue some of these programs, there is likely to be a hurricane. That is being just as blunt as I can be.

Mr. YATES. Why did they take it away?

Mrs. HANSEN. They said they were requesting no funds for part A at this time because it was their judgment that the titles B and C would provide a better educational program.

Dr. OTTINA. Yes, and eventually better use of the other money we also spend.

Mrs. HANSEN. But actually you feel that if you had teacher training and adult program, and so forth, you would be better able to cope with the kind of programs that are funded under title A.

Dr. OTTINA. Yes. Our basic feelings were, as I expressed earlier, that we were already spending money which was addressed to those children. That the difference between part A money and the other moneys we were talking about here was not that significant.

### TOTAL OFFICE OF EDUCATION FUNDS FOR INDIANS

Mrs. HANSEN. What is the total money?

Dr. OTTINA. It is over $100 million that addresses elementary and secondary schoolchildren.

Mrs. HANSEN. How about impacted area aid?

Dr. OTTINA. Including impacted area aid.

Mrs. HANSEN. $100 million for 266,000 Indian children. How much is that per student?

Dr. OTTINA. Our thought was, let's say we continued and added $25 million more to it. If we were unable to understand how to direct this money and to look at projects which met the very, very special needs of Indian children, it would be adding another 20 percent to an amount of money that apparently from all our statistics and evidence is not addressing their needs properly.

Again our thought was, let's try to develop some new ideas, some new methods, some new ways to help Indian children. They have special problems. Let's use that money where we can find some things out about Indian education.

Mrs. HANSEN. I agree with your philosophy, but philosophy doesn't always do much with politicians.

Let's hear what your funding works out to be per Indian student.

Dr. OTTINA. They divided the numbers quoted and got $255 per child.

Mrs. HANSEN. $255 per child will not pay for much when you consider that these children may not be able to read and are potential dropouts.

Take a school just off a reservation. The Indian students have perhaps spoken Navajo all their lives, or Zuni or something else, and they are suddenly confronted with a classroom and a completely new cultural situation. That $255 will not provide a remedial teacher to help make the transition.

Mr. YATES. The other question is how long does it take to develop those procedures.

Dr. OTTINA. I am sure you know some things we can find are very effective in a few months. Others we work on for years and come up empty handed.

### RESULTS OF PROGRAMS

Mr. YATES. What have you discovered so far? What have been the results of your efforts to find imaginative ways of teaching?

Dr. OTTINA. Purnell Swett, our program manager, can answer that question.

Mr. SWETT. At the present time, with the $5 million for part B in 1973, and since the projects only got underway last summer or September, we don't have enough information with which we can stand up before a professional group and defend. Hopefully, in this fiscal year we are beginning to get some information that will start giving some indications as to things that might be relevant that will enable us to meet the special education needs of that child in the classroom, whether it be a BIA school, public school, or other school.

Dr. OTTINA. If I could read two or three titles of proposals we have funded. There is one in Alaska—the bilingual, bicultural program for the Alaskan village schools.

One is in Arizona where we are looking at dropout prevention and the special education needs for the Papagos. We do have a complete list if you would like it, for parts B and C by project.

Mrs. HANSEN. We would

[The information follows:]

LIST OF FISCAL YEAR 1973 PART B PROJECTS

| STATE | RECIPIENT AND GRANT PURPOSE | AMOUNT OF GRANT |
|---|---|---|
| Alaska | Alaska Native Education Board, Bethel (Bilingual-bicultural program for Alaskan village schools) | $200,000 |
| Arizona | Cocopah Tribal Council, Somerton (Tribe involvement through education) | 100,000 |
| " | Dine Biolta Association, College of Ganado, Ganado (Navajo Bilingual Education Center) | 76,714 |
| " | Hualapai Indian Tribe, Peach Springs (Hualapai Day Care Project) | 40,000 |
| " | Navajo Division of Education, Window Rock (Strengthening Navajo education) | 300,000 |
| " | Navajo Tribe Division of Education, Window Rock (Special Education: Research and Planning Staff Project) | 29,525 |
| " | The Papago Tribe of Arizona, Sells (Drop-out prevention and Special Education) | 250,000 |
| " | Hopi Indian Tribal Council, Oraibi (Child Guidance Clinic, Special Education and Training Center) | 200,000 |
| California | D-Q University, Davis (National Center for Native American Language Education) | 250,000 |
| " | Eastern Shasta County Indian Community Center, Inc., Fall River (Indian People's School) | 70,000 |
| " | Native American Training Associates Institute, Inc., Davis (California Indian Education Centers) | 227,116 |
| " | Tule River Tribal Council, Porterville (Tutoring program for children and adults) | 35,000 |
| Colorado | Coalition of Indian Controlled School Boards, Inc., Denver (Indian Parent Group Training) | 150,000 |
| " | United Scholarship Society, Inc., Denver (National Scholarship Clearinghouse for Indian students) | 100,000 |
| Florida | Miccosukee Corporation of Miami, Miami (Indian Community School) | 30,539 |

| STATE | RECIPIENT AND GRANT PURPOSE | AMOUNT OF GRANT |
|---|---|---|
| Kansas | Economic Opportunity Foundation, Kansas City (Education project for Indian children) | 50,000 |
| Massachussetts | Boston Indian Center, Boston (Model program for comprehensive/compensatory education in Mass.) | 125,000 |
| Maine | Maine Indian Education Council, Calais (Program Development Education Service for Aroostook Indians) | 44,819 |
| Minnesota | Duluth Indian Action Council, Duluth (Motivation through communication) | 75,000 |
| " | Mille Lacs Reservation Business Committee, Onomia (Curriculum development and remedial services) | 99,432 |
| " | National Indian Education Assn., St. Paul (Media development project) | 106,000 |
| " | Survival School, Inc., Minneapolis (Financial support for instruction at Survival School, Inc.) | 100,000 |
| Montana | Montana United Scholarship Service, Great Falls (Landless Indian Education Program) | 164,170 |
| Nevada | Duckwater Shoshone Tribal Education Committee, Duckwater (Shoshone Private Elementary School) | 35,000 |
| " | Walker River Paiute Tribal Council, Schurz (Education-Home study and curriculum development) | 15,000 |
| " | Yerington Paiute Tribe, Yerington (Aid to pilot education project) | 25,000 |
| Nebraska | Omaha Tribe of Nebraska, Macy (Macy Youth Center Pilot Program) | 25,000 |
| New Mexico | All Indian Pueblo Council, Inc., Albuquerque (Computer assisted instruction) | 300,000 |
| " | Dibe Yazhi Habitiin Olta, Inc., Crowpoint (Community Based Bilingual Bicultural Educational Program) | 140,000 |
| " | Ramah Navajo School Board Inc., Ramah (Improving radio utilization at Ramah Navajo High School) | 31,250 |
| " | San Juan Pueblo Tribe, San Juan (Pueblo bilingual program) | 117,350 |
| " | University of New Mexico, Albuquerque (Development of Pueblo Educational Personnel Training Programs) | 100,000 |

| STATE | RECIPIENT AND GRANT PURPOSE | AMOUNT OF GRANT |
|---|---|---|
| New York | Assn. of Native Americans (Mid-Hudson), New Paltz (Traditional Enrichment Program for Native Americans) | 50,000 |
| •• | Buffalo North American Indian Culture Center, Buffalo (Indian Cultural Center) | 100,000 |
| •• | Seneca Nation of Indians, Irving (Seneca Indian's Education Project) | 116,273 |
| North Carolina | Lumbee Regional Development Assn., Pembroke (Lumbee Indian Education Project) | 75,000 |
| Oklahoma | Cheyenne-Arapaho Tribes of Oklahoma, Concho (Drop-out prevention program in Senoin County) | 100,000 |
| •• | Creek Nation of Oklahoma, Okmulgee (Children's education program) | 50,000 |
| •• | Inter-Tribal Council, Inc., Miami (Indian education program for Northeast Oklahoma) | 50,000 |
| •• | Kickapoo Head Start, Inc., McLoud (Extra-curricular education program) | 49,600 |
| •• | Tulsa Indian Youth Council, Inc., Tulsa (Educational Cultural Center support) | 130,000 |
| Oregon | Confederated Tribes of the Warm Springs Reservation, Warm Springs (Indian Internship Project) | 75,000 |
| •• | Organization of the Forgotten American, Klamath Falls (Klamath Indian Education Project) | 108,772 |
| •• | Umatilla School District 2-R, Pilot Rock (Project for improvement of communication, academic achievement and counseling opportunities for Indian students) | 2,460 |
| North Dakota | Rapid City Indian Youth Development Center Rapid City (Educational, Cultural, and Motivational Indian Youth Center) | 66,780 |
| Washington | Makah Tribal Council, Neah Bay (Education for self-determination: A Reservation Development Model) | 45,000 |
| •• | Yakima Tribal Council, Toppenish (Support for Early Childhood Education Program) | 25,000 |

| STATE | RECIPIENT AND GRANT PURPOSE | AMOUNT OF GRANT |
|---|---|---|
| Wisconsin | Great Lakes Inter-Tribal Council, Inc., Lac Du Flambeau (Pilot training in Native American languages in Wisconsin) | 150,480 |
| " | Indian Community School, Milwaukee (School improvement) | 85,720 |
| " | Menominee County Education Committee, Keshena (Community school communication project) | 60,000 |
| Wyoming | Wind River Indian Education Association, Inc., Ethete (High School Indian Culture) | 50,000 |
| | TOTAL | $5,000,000 |

## LIST OF FISCAL YEAR 1973 PART C PROJECTS

1. Stanislaus Chapter, California Indian Education Association - Modesto, California ($1,689)
   Training Project in Communication Skills and Educational Improvement

2. East Point Community Action Committee - Carrabelle, Florida ($60,000)
   Indigenous Community Education Program

3. Northern Cheyenne and Crow Tribes - Lame Deer, Montana ($30,000)
   A Proposal for a Northern Cheyenne and Crow Indian Adult Education Field Staff Training and General Equivalency Development Intensification project

4. St. Paul American Indian Center - St. Paul, Minnesota ($78,311)
   Plan and Demonstrate a System for Career Development Programs, To Reach and Motivate Unemployed or Underemployed Young Indian Adult and Highschool Dropouts Living in Metropolitan Area

5. American Indian Law Students Associations, Inc. - Albuquerque, New Mexico
   Legal Literacy Programs for Indians ($50,000)

6. Pueblo of Zuni - Zuni, New Mexico ($60,000)
   Zuni Learning Center

7. Sisseton-Wahpeton Sioux Tribe - Sisseton, South Dakota ($70,000)
   Adult Learning Center Pilot Project

8. Utah Navajo Development Council - Clanding, Utah ($60,000)
   Functional Oracy - Literacy Proposal

9. Nooksack Board of Trustees - Everson, Washington ($40,000)
   Adult Education Survey and Demonstration Project

10. Coalition of Eastern Native Americans - Washington, D.C. ($50,000)
    Adult Motivational Education Program for Eastern Native Americans

Total: $500,000

Dr. OTTINA. We have it funded by States for all titles. I think as you read through these projects you can get a feel for the kind of concerns.

### EXPERIENCE IN SUCCESSFUL PRACTICES IN INDIAN EDUCATION

Mr. McDADE. Why are we having difficulty in understanding this? We must have some basis of experience, at least for community education programs, that the chairman and all of us have been taking an interest in for a long time, to try to give them enough money to make them effective. Yet when we talk about what are your efforts under title B—and I realize it is a new effort, for a purpose—it is difficult for you to evaluate it, but don't we know how to approach the problem of Indian education today in the United States of America?

Don't we know what the BIA has found to be effective over all those long years of attempting to educate Indian children?

Mr. SWETT. We have some assumptions.

Mr. McDADE. Don't we have any conclusions?

Mrs. HANSEN. Now wait a minute. Some of the people in the Federal boarding schools recommend counseling. There is a real problem there because these youngsters come into a boarding school and their parents are miles away. The committee provided money for counselors and now the counseling program is a regular part of the Indian education activity.

Mr. McDADE. We also started a kindergarten program.

Mrs. HANSEN. That is right. We did not have the money to go into the public schools with the kindergarten because we had so many Federal locations and our budget is limited.

Now they are starting prekindergarten. We do know where the Bureau schools were as recently as 10 years ago and where they have come to today. We do know, for example, that we now this year will program money for 14,700 young people for Indian scholarships. In 1960 there were only, I would assume, something around 600. We do know the progress we have made.

I hate to see title A funding eliminated on a full scale without a very, very substantial reason. It would be better to do something, it seems to me, in a modest sense to continue.

You say you haven't made the allocation for 1974 yet.

### FUNDING CHRONOLOGY FOR PART A

Dr. OTTINA. Let me trace out the chronology. I think it is important. As you will recall, fiscal 1973 was the first year in which funds were provided for this act and it was in about June before we had the awards of 1973. This is now the 27th of February 1974, so the awards have only been in existence from 1973 funds for the months of July through February, approximately 9 months, and the 1974 awards have not yet been made.

We have received proposals and they are in the process of being reviewed as the act calls for by the Indian Advisory Council.

Mr. SWETT. They are here at work reviewing part B and C proposals.

Dr. OTTINA. Recommendations will come shortly and we will fund these this spring or early summer.

Mr. DEMMERT. Each proposal is approved for 1 year at a time. The proposals funded from 1973 funds will operate from July 1973 until June 30, 1974, and on down the line.

Mrs. HANSEN. Do any of these people who are the grantees anticipate a continuation?

Dr. OTTINA. I am sure experience has been that when anyone gets a Federal grant they assume it will be continued the next year.

Mrs. HANSEN. What does your Indian Advisory Council say about this discontinuation?

### FEELINGS OF NATIONAL ADVISORY COUNCIL ON INDIAN EDUCATION

Mr. DEMMERT. I sat in as the official Office of Education representative for some of the meetings. I felt they were going to ask for full funding for all parts.

Dr. OTTINA. I met with them and went over essentially what we have been discussing here this morning. They at least understood our rationale, and from what I could sense of it, were pleased that we didn't come back with nothing as we have in the previous 2 years. They understand we had a difference of opinion about the overlap, and some of the members I guess felt that the study here would help isolate what that overlap really was. Their feeling was, quite frankly, that it was less than we thought it was and that they would wait and see and perhaps come back with a recommendation, or urge us to come back with a recommendation, for funds after we saw——

Mrs. HANSEN. Could that be construed to mean that you might possibly come for supplemental funding sometime in the future?

### POSSIBLE COMPARISON OF PART A WITH TOTAL SCHOOL BUDGET

Dr. OTTINA. I really would be in no position to say either yes or no to that at this time.

Let me just offer another statistic for you since we are trying to understand problems as best we can together here.

This listing that shows the amount that was received for part A, it might be possible—and I don't know how much work it would be or if we could even get it—to have it as a comparison of the operating budget of that school.

Mrs. HANSEN. Yes, it would. I think it would be very helpful.

Dr. OTTINA. They tell me they can't do it.

Mrs. HANSEN. You could if you contacted the State school officer and asked for the operating budgets.

Let's use a district I am very familiar with. Let's take the Taholah School District in Grays Harbor County. That is on a reservation, but it is a public school, part of the regular context of the public school system of the State of Washington. They probably get Johnson-O'Malley, and they would be getting Elementary and Secondary Act funds and they would probably be receiving money from other sources as well as the State and part A. You might take several school districts here and there including Montana where there is a different kind of problem.

Dr. OTTINA. Taholah received $17,000. I don't know what their operating budget is.

Mrs. HANSEN. Call the State superintendents of public instruction. They have those school budgets.

Dr. OTTINA. Perhaps we could work with your staff to identify a half dozen or so.

Mrs. HANSEN. Fine.

Mr. DEMMERT. It is possible to come up with an average. We have this total student body in the particular school and we have the Indian student body and the average pupil expenditure. It is right there.

Mrs. HANSEN. That is right. It is very simple.

[The information follows:]

## FOR SELECTED STATES AND SCHOOL DISTRICTS WITHIN STATES-- COMPARISON OF THE SCHOOL DISTRICTS' OPERATING EXPENDITURES WITH THE AMOUNT OF FUNDS AWARDED UNDER THE PART A OF THE INDIAN EDUCATION ACT FOR FISCAL YEAR 1973*

| State and Local Education Agencies | Total Operating Expenditures for School Year 1973-1974 | Amount of Funds Awarded Under Part A of the Indian Education Act (Fiscal Year 1973) | Percent Part A Funds are of the Total Operating Expenditures of The School Districts |
|---|---|---|---|
| ALASKA | | | |
| Greater Anchorage | $ 52,038,089 | $347,297.37 | .1% |
| Kodiak Island Burough | 3,792,223 | 108,592.78 | 3% |
| ARIZONA | | | |
| Chinle | 2,886,103 | 283,645.65 | 10% |
| Tuba City | 1,587,035 | 144,883.21 | 9% |
| FLORIDA | | | |
| Broward County | 104,068,000 | 8,672.31 | .01% |
| Glades County | 875,158 | 6,172.18 | .7% |
| MINNESOTA | | | |
| Minneapolis Special | 76,436,837 | 234,765.43 | .3% |
| Red Lake | 1,087,039 | 92,628.54 | 9% |
| MONTANA | | | |
| Browning Elementary | 1,461,806 | 116,108.83 | 8% |
| St. Ignatius Elem. | 269,199 | 13,926.69 | 5% |
| NEW MEXICO | | | |
| Taos City | 746,014 | 8,575.01 | 1% |
| Bernalillo | 2,625,649 | 101,128.42 | 4% |
| NEW YORK | | | |
| Salmon River | 3,384,174 | 102,126.09 | 3% |
| La Fayette | 2,557,004 | 54,587.22 | 2% |

## FOR SELECTED STATES AND SCHOOL DISTRICTS WITHIN STATES -- COMPARISON OF THE SCHOOL DISTRICTS' OPERATING EXPENDITURES WITH THE AMOUNT OF FUNDS AWARDED UNDER THE PART A OF THE INDIAN EDUCATION ACT FOR FISCAL YEAR 1973

| State and Local Education Agencies | Total Operating Expenditures for School Year 1973-1974 | Amount of Funds Awarded Under Part A of the Indian Education Act (Fiscal Year 1973) | Percent Part A Funds are of the Total Operating Expenditures of The School Districts |
|---|---|---|---|
| NORTH CAROLINA | | | |
| Robeson County | $ 7,024,870 | $487,430.99 | 7% |
| Cumberland County | 18,000,000 | 45,076.21 | .3% |
| SOUTH DAKOTA | | | |
| Rapid City | 8,834,316 | 96,755.91 | 1% |
| Shannon County | 1,198,000 | 101,097.05 | 8% |
| WASHINGTON | | | |
| Mt. Adams | 961,263 | 43,890.05 | 5% |
| Taholah | 262,813 | 13,538.66 | 5% |

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*The amount awarded for local educational agencies under Part A of the Indian Education Act in fiscal year 1973 was $10,952,380.

### MINIMUM LEVEL FOR PART A

Mrs. **Hansen**. What would be a minimum funding for part A to prevent heartbreak?

Dr. **Ottina**. It's hard to tell, especially since the 1974 grants have not yet been made. After these grants are made, we will be better able to tell how the funds are to be used and for what period they are to be used. From this and other data, we might then be in a better position to determine the kind of minimum level you are talking about.

### POSSIBLE FUTURE FUNDING FOR PART A

Mrs. **Hansen**. Do you anticipate requesting funds for part A in the future?

Dr. **Ottina**. Our hope would be, Mrs. Hansen, the study we are engaged in and our analysis of it would lead us to be able to make some recommendations to the Congress.

Mrs. **Hansen**. I was just looking to see if BIA was here.

Mr. **Benham**. I am here.

Mrs. **Hansen**. I went to Alaska at a place where there were half a dozen agencies and they had never spoken to each other.

Dr. **Ottina**. What were we discussing?

Mrs. **Hansen**. Part A, future requests.

Dr. **Ottina**. We would hope we could come to the Congress and suggest legislative changes to try to eliminate the duplications and make it more effective in the terms we are talking about.

Mrs. **Hansen**. How much participation did the Department have in the formulation of the Indian education legislation?

Dr. **Ottina**. None. It was not a piece of legislation——

Mrs. **Hansen**. Were you consulted?

Dr. **Ottina**. We were asked to testify. The Department's position was against the legislation.

Mrs. **Hansen**. Were you asked any questions about what might be some of the problems?

Dr. **Ottina**. Yes there were hearings that were held before the passage of the legislation. We did testify in opposition to it. It was some 3 years ago. It was not a piece of legislation we had advanced, as you know.

### GUIDELINES AND CRITERIA FOR PART A

Mrs. **Hansen**. Briefly describe to the committee your guidelines and criteria for awarding grants under parts A, B, and C. Of the $42 million you are requesting, what is your estimate of the percentage of these funds that will be awarded to Indian tribes as opposed to those awarded to State and local educational agencies, elementary and secondary school, and organizations and institutions?

Dr. **Ottina**. We have such an estimate. Would you like it for the record?

Mrs. **Hansen**. Tell us briefly what the criteria were for A, criteria for B. and criteria for C.

I don't like to put things in the record. I can't talk back to the record.

Dr. **Ottina**. Here are the published regulations.

Mr. DEMMERT. One of the questions is very simple to answer. For the most part the guidelines center around parental and community involvement. In other words, after a needs assessment is carried out, a parent committee is to be established by parents of Indian children participating in the program.

Mrs. HANSEN. Who established the need?

Mr. DEMMERT. In most cases the school, but with the involvement of the Indian community, by law. The parent advisory committee has to be composed of at least 50 percent of parents of Indian children who will participate in the program. They have to participate in the planning, evaluation, and implementation as kind of an equal partner with the school to see that everything is carried out.

The money cannot be used for construction, it cannot be used for the supplies that the school ordinarily provides.

Mrs. HANSEN. Such as books in a free textbook district.

Mr. DEMMERT. Unless those supplies are tied in directly to the special program.

Other than that, the law under part A is very open-ended.

[The information follows:]

### THE ESTIMATED DISTRIBUTION PATTERN FOR THE PROPOSED APPROPRIATION OF $40 MILLION FOR PARTS B AND C OF THE INDIAN EDUCATION [1]

| | *Percent* |
|---|---|
| Awarded to Indian tribes | 51 |
| Organizations affiliated with a specific tribe | 14 |
| Urban Indian organizations | 14 |
| Regional tribal organizations | 5 |
| National Indian organizations | 2 |
| Other groups and agencies | 14 |
| **Total** | 100 |

[1] Grants made under parts B and C of title IV, the Indian Education Act are awarded upon the basis of national competition with review and comments from the National Advisory Council on Indian Education. Therefore, it is not possible to predict how the fiscal year 1975 proposed appropriation for parts B and C would be awarded. The estimated distribution pattern is based on the pattern of the fiscal year 1973 grant awards.

Mrs. HANSEN. Do you participate with Federal schools under part A?

Mr. DEMMERT. No.

Dr. OTTINA. There is the 5 percent set-aside.

Mr. DEMMERT. That is correct, and that 5 percent set-aside is for Indian-controlled schools on reservations.

#### DEFINITION OF INDIAN-CONTROLLED SCHOOL

Mrs. HANSEN. When you say Indian-controlled schools, you better define that.

Mr. DEMMERT. It is a school completely controlled by an Indian organization or members of an Indian community or the tribe. By completely controlled, I mean that it can be a contract school, or it could be one that would set up outside of the system completely.

Mrs. HANSEN. How about the mission schools?

Dr. OTTINA. It cannot be religiously tied.

Mr. DEMMERT. Under the new guideline the school, applying under the 5 percent set-aside, needs a charter, or incorporation papers to show that the tribe, or an organization of the tribe, is the——

Mrs. **Hansen**. How about Rough Rock? They could participate there.

Mr. **Demmert**. Yes.

Last year we funded 10 schools. This year we are looking at 30 who are eligible.

Dr. **Ottina**. We have a list on that.

[The information follows:]

## FISCAL YEAR 1973 PROJECTS UNDER PART A

GRANTS TO LOCAL EDUCATIONAL AGENCIES FOR DEVELOPMENT OF ELEMENTARY AND SECONDARY SCHOOL PROGRAMS TO MEET SPECIAL NEEDS OF INDIAN CHILDREN.

| STATE | NUMBER OF SCHOOL DISTRICTS | AMOUNT OF GRANT |
|---|---|---|
| Alaska | 9 | $1,532,982 |
| Arizona | 24 | 1,440,024 |
| California | 17 | 107,715 |
| Colorado | 4 | 47,616 |
| Connecticut | 1 | 3,191 |
| Florida | 2 | 14,844 |
| Idaho | 4 | 35,502 |
| Illinois | 1 | 14,900 |
| Iowa | 1 | 18,912 |
| Kansas | 2 | 13,611 |
| Louisiana | 1 | 6,320 |
| Maine | 2 | 10,589 |
| Maryland | 1 | 51,888 |
| Michigan | 13 | 113,915 |
| Minnesota | 18 | 669,760 |
| Montana | 28 | 480,590 |
| Nebraska | 4 | 18,791 |
| Nevada | 1 | 15,626 |
| New Mexico | 13 | 1,391,986 |
| New York | 10 | 330,223 |
| North Carolina | 17 | 832,390 |
| North Dakota | 13 | 198,038 |
| Ohio | 2 | 29,029 |
| Oklahoma | 165 | 1,650,210 |
| Oregon | 2 | 76,583 |
| South Dakota | 17 | 484,074 |
| Utah | 6 | 155,235 |
| Washington | 29 | 699,675 |
| West Virginia | 1 | 1,508 |
| Wisconsin | 23 | 421,688 |
| Wyoming | 5 | 84,961 |
| TOTAL | 436 | $10,952,376 |

GRANTS TO INDIAN SCHOOLS ON OR NEAR RESERVATIONS NOT ADMINISTERED BY LOCAL EDUCATIONAL AGENCIES. (Part A)

| STATE | RECIPIENT | AMOUNT OF GRANT |
|---|---|---|
| Arizona | Rough Rock Demonstration School, Chinle | $208,314 |
| .. | Rock Point School, Inc., Via Chinle | 132,133 |

| STATE | RECIPIENT | AMOUNT OF GRANT |
|---|---|---|
| Florida | Miccosukee Corporation, Miami | $ 3,631 |
| Montana | Busby School, Busby | 50,836 |
| .. | Blackfeet Community Free School, Browning | 32,933 |
| North Dakota | United Tribes Employment Training Center, Bismarck | 3,272 |
| .. | Devil's Lake Sioux Tribe, St. Michael | 18,744 |
| New Mexico | Ramah Navajo School Board, Inc, Ramah | 51,105 |
| South Dakota | Red Cloud, Pine Ridge | 38,000 |
| Wyoming | Wind River Indian Education Association, Inc., Ethete | 8,650 |
|  | TOTAL | $547,618 |

Mrs. **Beebee**. Rough Rock received $208,000.

Mrs. **Hansen**. Doctor, you did not introduce the women on your staff this morning. Since this committee is chaired by a woman, we would like to recognize the very few women we have.

Dr. **Ottina**. This is our Acting Director of Budget, Ms. Cora Beebee.

Mrs. **Hansen**. We are delighted to have her here.

Mr. **Demmert**. I think, for the most part, those are the important elements under part A.

Mrs. **Hansen**. Supposing you had two schools. One has 50 Indian children out of 100 and the other has 70 out of 100. If you cannot grant both do you take the 70 out of 100 first?

Dr. **Ottina**. It is pro rated on the basis of the number of Indian children enrolled.

There is no priority in the sense of one being eliminated. Funds would both be in proportion to 50 and 70.

### PART B REGULATIONS

Mrs. **Hansen**. Now, part B is next.

Mr. **Swett**. Part B is contained in regulation 187 subpart C. Because of the nature of that particular part of the act, it has four parts. We have selected factors dealing with the general aspect of it, then we have selected factors dealing with each specific part of this section of part B.

We take into consideration the need and how clearly the objectives are stated and how well they are defined. We look for the needs, the goals, objectives, the plan of implementation, a budget, a budget justification, the evaluation of whether or not we are able to attain what we set out to attain. Then we have to make sure that the assurances of the law are incorporated. The first assurance is that we must have in part B the involvement of parents of any children to be served in that community.

Dr. **Ottina**. That is something we do in part A, as well.

Mr. **Swett**. We also have to have something built in there where we are providing services, the assurance of the coordination. How these funds will be coordinated with other funds. Then the independent evaluation which I made reference to earlier.

Those are the general things we consider. The quality of the proposal, whether or not the objectives can be obtained. The particular aspect of bilingual education, a dropout prevention program, for teacher training or teacher aid training or social workers. Where there is dissemination of information we have to look at it with respect to what they propose to do.

Mrs. **Hansen**. Supposing a group forms themselves for Indian education, counseling service and so on, and they hire somebody to put together a program. Are they eligible for any funds?

Mr. **Swett**. As long as they are an incorporated organization, they would be eligible to make application for part B funds.

Dr. **Ottina**. Part B. not part A.

Mr. **McGettrick**. We automatically mailed applications to about 1,100 Indian tribes and organizations.

[Discussion off the record.]

Mrs. **Hansen**. Please insert in the record a list of the members of the National Advisory Council on Indian Education.

[The information follows:]

## MEMBERS OF THE NATIONAL ADVISORY COUNCIL ON INDIAN EDUCATION

### MRS. ELLEN A. ALLEN, KICKAPOO

| | |
|---|---|
| NOMINATED BY: | *Mr. Forrest Fee, Chairman, Inter-tribal Council* |
| HOME ADDRESS: | *130 1/2 E. 9t- Street, Apartment 4*<br>*Horton, Kansas 66439* |
| INDIAN EDUCATIONAL EXPERIENCE: | *Mrs. Allen graduated from Kansas State Teachers College with a B.A. in Elementary Education. She is a former elementary school teacher and is presently the Johnson O'Malley Coordinator for the Powhattan Union School District #510 where she has served in that position for 3 years.* |

### MR. WILL ANTELL, WHITE EARTH CHIPPEWA

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| NOMINATED BY: | *Robert L. Bennett, Oneida Tribe of Wisc.*<br>*National Indian Education Association* |
| HOME ADDRESS: | *1605 West Pine Street*<br>*Stillwater, Minnesota 55082* |
| INDIAN EDUCATIONAL EXPERIENCE: | *Mr. Antell received a B.S. Degree from Mankato State College, an M.S. from Bemidji State College and is presently working towards a PhD at the University of Minnesota. He is a former President of the National Indian Education Association, a Chairman of a Special Subcommittee on Indian Education for the National Council on Indian Opportunity and is the Director of Indian Education for the Minnesota State Department of Education.* |

### MS. AMELIA ANN COLEMAN, CHOCTAW

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| NOMINATED BY: | *Harry J. Belvin, Principal Chief, Choctaw Nation* |
| HOME ADDRESS: | *1025 East Brooks Street*<br>*Norman, Oklahoma 73069* |
| INDIAN EDUCATION EXPERIENCE: | *Ms. Coleman's original home was in the Choctaw Nation in Talihina, Oklahoma. She received a B.A. in political science from the University of Oklahoma and has just completed her second year of law school at the same university. She is 23 years old.* |

### MR. THEODORE D. GEORGE, CLALLAM

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| NOMINATED BY: | *Chairman, Lower Elwha Band of Clallam* |
| HOME ADDRESS: | *Route #1, Box 528*<br>*Poulsbo, Washington 98370* |
| INDIAN EDUCATION EXPERIENCE: | *Mr. George is a graduate of Western Washington State College where he received a B.A. in Education. He has been an elementary school teacher, a coordinator for Special Programs on Indian Education for Poulsbo, Washington schools where he is presently employed, and for the University of Washington. He is Chairman of the National Indian Education Advisory Committee of the Bureau of Indian Affairs.* |

### MRS. GENEVIEVE D. HOOPER, YAKIMA

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| NOMINATED BY: | *Robert Jim, Chairman, Yakima Tribal Council* |
| HOME ADDRESS: | *P.O. Box 632*<br>*Toppenish, Washington 98948* |
| INDIAN EDUCATION EXPERIENCE: | *A graduate of Haskell Institute, Lawrence, Kansas, Mrs. Hooper has also attended Yakima Valley College. She has counseled High School and College Students. She is presently serving on the Yakima Tribal Council Executive Board's Committee on Finance, Budget and Enrollment.* |

### MRS. L. SUE LALLMANG, TONAWANDA BAND OF SENECAS

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| NOMINATED BY: | *Moses D. Gill, Chairman, Sisseton-Wahpeton Sioux*<br>*Joseph B. DeLaCruz, Chairman, Quinault Tribe*<br>*Phillip Martin, Chairman, Mississippi Choctaw* |
| HOME ADDRESS: | *1011 North Pelham Street*<br>*Alexandria, Virginia 22304* |
| INDIAN EDUCATION EXPERIENCE: | *Mrs. Lallmang attended Buffalo State Teachers College, University of Buffalo, and George Washington University where she majored in art and anthropology. Although she has not been directly involved in Indian education she has worked with many tribes as the National Coordinator for Native Americans for the 1973 Inaugural Committee and with the Committee to Reelect the President.* |

MRS. PATRICIA ANN MCGEE, YAVAPAI APACHE

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| NOMINATED BY: | *Yavapai-Prescott Tribe* |
| HOME ADDRESS: | *P.O. Box 1401*<br>*Prescott, Arizona 86301* |
| INDIAN EDUCATION EXPERIENCE: | *A graduate of Haskell Institute, Mrs. McGee has worked for 2 summers as a field assistant on a Yavapai Oral Traditions Research Project. She is presently employed as a field coordinator with Indian Development District of Arizona and is Vice-President of the Yavapai-Prescott Tribe.* |

MR. DANIEL PEACHES, NAVAJO

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| NOMINATED BY: | *The Navajo Tribe* |
| HOME ADDRESS: | *P.O. Box 784*<br>*Window Rock, Arizona 86519* |
| INDIAN EDUCATION EXPERIENCE: | *Mr. Peaches received a B.S. in Political Science from the Northern Arizona University and attended the University of New Mexico Law School for two years. He was the Manpower Coordinator for the Indian Manpower Training and Technical Assistance Center at Norther Arizona U. before he came to his present job as Director of the Office of Public Affairs for the Navajo Tribe.* |

MR. DAVID RISLING, HOOPA

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| NOMINATED BY: | *John Folster, National American Indian Council*<br>*National Indian Training and Research Center*<br>*Will Antell, National Indian Education Association.* |
| HOME ADDRESS: | *2403 Catalina Drive*<br>*Davis, California 95616* |
| INDIAN EDUCATION EXPERIENCE: | *Mr. Risling received a B.S. in Plant Sciene and an M.A. in Education from California State Polytechnic University. He is a former high school teacher and was a teacher and counselor at Modesto Junior College for 18 years. He is a member of the Board of Directors of the California Indian Education Association. For the past three years he has been Coordinator of Native American Studies at the University of California at Davis.* |

## MRS. GERALDINE B. SIMPLICIO, ZUNI PUEBLO

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| NOMINATED BY: | Robert Lewis, Governor, Zuni Pueblo |
| HOME ADDRESS: | General Delivery<br>Zuni, New Mexico 87327 |
| INDIAN EDUCATION EXPERIENCE: | Mrs. Simplicio attended Northern Arizona University where she majored in English and Secondary Education. She has been a teacher's aide in a Zuni headstart program and is presently an Education Advisor with the Branch of Student Relations of the Tribe. She is also a member of the JOM Parent Advisory Commission for the Gallup-McKinley County Schools. |

## MR. CLARENCE SKYE, STANDING ROCK SIOUX

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| NOMINATED BY: | T. O. Traversie, Chairman of United Sioux Tribes |
| HOME ADDRESS: | P.O. Box 1193<br>Pierre, South Dakota 57501 |
| INDIAN EDUCATION EXPERIENCE: | Mr. Skye received a B.S. in Secondary Education from Black Hill State College, S.D. He was a teacher at Flandreau Indian School and a Director of a Community Action Program for Crow Creek and Lower Brule Reservations. Since 1970, he has served as Executive Director of the United Sioux Tribes of South Dakota Development Corporation which he helped to organize. |

## MR. FRED SMITH, SEMINOLE

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| NOMINATED BY: | Howard Tommie, Chairman, Seminole Tribal Council |
| HOME ADDRESS: | 6310 N.W. 32nd Street<br>Hollywood, Florida 33024 |
| INDIAN EDUCATION EXPERIENCE: | Mr. Smith is a graduate of Indian River Junior College, Ft. Pierce, Florida. He is a member of the State of Florida Manpower Planning Commission, a member of Florida's Cattlemen's Association, a former treasurer of United Southeastern Tribes, a state representative to the National Council on the Aging and the current President of his Tribe. |

**MR. BOYCE D. TIMMONS, CHEROKEE**

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| NOMINATED BY: | *Robert L. Bennett, Oneida Tribe of Wisc.*<br>*Evalu Russell, Oklahoma Federation of Indian Women* |
| HOME ADDRESS: | *2725 Walnut Road*<br>*Norman, Oklahoma 73069* |
| INDIAN EDUCATION EXPERIENCE: | *Mr. Timmons received a B.S. degree form Oklahoma A & M University and a law degree from Oklahoma University. He has been chairman of the American Indian Institute at O.U. for many years. He has directed many Indian education projects including: an oral history project for Oklahoma Indians, a health careers program and several adult education programs. He has helped to establish Indian community development centers. He is a member of the State Committee of the U.S. Civil Rights Commission. Among many other things, he sponsored and moderated an educational television show called "Indians for Indians." He is a member of the Board of Directors of the Cherokee Historical Society.* |

**MS. KARMA W. TORKLEP, LUMBEE**

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| NOMINATED BY: | *Small Tribes of Western Washington* |
| HOME ADDRESS: | *General Delivery*<br>*Ramah, New Mexico 87321* |
| INDIAN EDUCATION EXPERIENCE: | *Ms. Torklep received a B.A. in Political Science from Miami University and an M.A. in Indian Education from the University of Washington. She has been an elementary school teacher and an education coordinator for the Small Tribes of Western Washington. She is presently working at Ramah Navajo High School where she is a reading specialist and a Director of a Title I Program.* |

**MR. JOSEPH E. UPICKSOUN, ESKIMO**

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| NOMINATED BY: | *Harry Kaleak, President, North Slope Borough School* |
| HOME ADDRESS: | *P.O. Box 566*<br>*Barrow, Alaska 99723* |
| INDIAN EDUCATION EXPERIENCE: | *Mr. Upicksoun is a member of the North Slope Borough School Board and has served on the Board of Alaska Federation of Natives for 3 years. He is chairman of the National Tribal Chairman's Association Education Committee. He is currently employed as President of the Arctic Slope Regional Corporation* |

### BASIS FOR $32 MILLION REQUEST FOR PART B

Mrs. HANSEN. You are requesting $32 million for special projects for Indian children under part B. Upon what basis did you arrive at this figure? In fiscal year 1974, $12 million was appropriated.

Dr. OTTINA. We developed an instrument in terms of a work plan where we had five areas that we thought needed attention, and have estimated a set of dollars for each of the areas. The first is really devoted to the improvement of the school system in its personnel aspects, and we are talking about classroom teachers, special service personnel and administrators, here.

Mrs. HANSEN. How are you planning to do this? Are you using workshops, special workshops, or are you going to the State universities where you have students?

Dr. OTTINA. Our intent would be for the administrators and special service personnel to try to find people who were there already, who would be developing new skills and expanded skills.

In the classroom teachers area we would do many of the things you talked about.

Mr. SWETT. We found when you start making a survey of the number of Indian teachers in this country you have a small percentage.

We can approach this from the standpoint of working with the teacher in the classroom now in terms of inservice training, workshops, et cetera, that will enable them to understand the Indian problem and the aspects of it.

Mrs. HANSEN. Where do you plan to have your workshops?

### INSERVICE TRAINING

Mr. SWETT. This type of inservice training has to be through one of the three mechanisms, through institutions of higher education, or a State department of education, or a local group in concert with institutions of higher education.

We speak of the Navajo Division of Education. As a part of their grant this year, they have parent-teachers working with the Navajos. The Navajo has an educational agency. It would be legal for them to provide education through two avenues. They work through the Arizona State University or University of New Mexico. These are at the site of the Navajo Reservation, bringing the professors there.

We have also found through a project at the University of New Mexico in working with the Pueblo Council down there, that by taking the professors and the staff from the university campus out to the sites and working with teacher aides in the public schools, we have been successful and are getting results. Otherwise, you have to move the teacher's aide from scattered spots into the university. We do not have the climate there for teacher aides that leads to top learning.

Mrs. HANSEN. You have the Navajo college which has just come into being. Do you contemplate doing any training through them? It is not a 4-year institution yet, but there could possibly be an opportunity to train teacher aides and people in the community.

Mr. SWETT. Yes.

Dr. OTTINA. Our experience has been that in programs like this, it is better to conduct training onsite for a multitude of reasons. First of all, you know you are reaching the people who will be teaching, and that it is not an academic program where the recipient may or may not be the person.

Second, you are able to present a composite, the same approach and can create a dialog with them so there is a level of understanding. Third, it is very localized.

Mrs. HANSEN. You better find out before you train a teacher whether she is going to work on a reservation with Indian people.

Dr. OTTINA. That is the first element I described.

### URBAN INDIANS

Mrs. HANSEN. This is a program in which urban Indians can participate. There are large numbers of Indians in the mainstream of large cities like Chicago, Los Angeles, San Francisco, Denver, Albuquerque, and Minneapolis. Can you put on a program that will reach a sufficiently wide number of these youngsters who may be scattered over the entire school system?

When you are training a teacher, or a group of teachers, will they reach out to get into the whole Los Angeles school system?

Mr. SWETT. As I recall, what you are saying is true, but predominantly you have clusters in the community. Where you have them clustered together in large numbers, you will be able to work with the teachers in those cluster settings. At the same time, hopefully, you will be able to draw in from other outlying areas some resource people, or train teacher aides from the community to work in this.

Mrs. HANSEN. You have a large cluster in one locality and then you have a smaller cluster in another school. Maybe over here you have two or three that are in another school. They are really in the whole school system. Yet the largest percentage is in one place.

If you train teachers, you will probably be training for the areas with the most Indian children. But, maybe it will be the one over here that will cause you the mischief in the years to come.

Dr. OTTINA. You are absolutely right in both regards. We generally focus on where there are the largest numbers because those teachers will come in contact with more of these children.

It is virtually impossible to deal with the whole universe.

### FAMILY INVOLVEMENT IN THE EDUCATION PROCESS

Mrs. HANSEN. Many people expect a magic wand to be waved.

You have another problem in Indian education, particularly in your off-reservation areas, which is the family itself.

Are you working with your teachers so that you have a joint participation with the family as you train them? My mother was a teacher all her life. She taught in a wide variety of pioneer schools, from the log cabin on up, in all kinds of areas.

I can well remember an entire community of Austrian youngsters. These were children of fishermen employed by the cannery. It was necessary to go down and give the teacher in the school some kind of guidance about going into the family homes, so the teacher was aware of the customs that are part and parcel of all ethnic groups.

Are you working on the family-student-teacher relationship?

Mr. SWETT. At the present time I cannot give you a specific answer to that question.

Mrs. HANSEN. Are you talking with the parents on your committees about it?

### BRINGING PROFESSORS TO THE PROBLEMS

Mr. SWETT. Before coming to the Office of Education I was a school administrator and assistant superintendent of a school system that had a large number of Indian students. One of the successful things we found was, not providing teacher training at the college campus, but bringing the professors out where we can bring teachers together and have the professors go with them to their classroom. The professor would be able to observe and work with teachers having problems in teaching skill development or understanding the problems of Indian students.

In this process you get into the home and the community. If the teacher did not understand the problem of the child in the classroom, he or she must look to the environment where that child came from.

### PRESCHOOL CONCERNS

Dr. OTTINA. Mrs. Hansen, one of the other elements we were interested in pursuing in part B—as you will recall we said we had five areas—was based on the experience we had with other children who had difficulty in school.

We felt we need to devote considerable attention to preschool and readiness as they entered in the school, working very much with the home and using methods that have shown success in other areas.

I think Bill in particular has felt that the preschool needs a much greater emphasis with this particular segment of our population.

Mr. DEMMERT. I would say that a parent-based preschool effort is the most important approach to use.

Mrs. HANSEN. With regard to the preschool effort, I visited at Taholah. They had youngsters there who were 2, 3, and 4 years old. This was their first association with a book, their first association with a picture, their first association with knives and forks. I agree with you.

What percentage of the need do you estimate that the $32 million requested for part B will meet?

### PART B AS A DEMONSTRATION PROJECT

Dr. OTTINA. In this particular program we are talking about developments, demonstrations, and techniques. The needs are not readily assessible.

### SCHOOL FUNDING PROBLEMS

Mrs. HANSEN. If you have established a demonstration project, then, the next thing is carrying it out into operation. In many instances, this is where the school district does not meet its obligation either because of lack of attention or lack of financing. You have great problems in school financing recently because of increased competition for the property tax dollar. In my own State, many revenue raising issues are failing at the polls. They are failing in things like hot lunch and kindergarten. Even the purchase of new buses. I hope, Dr. Ottina, that these school districts who have demonstration projects will be able to carry them into operation.

Dr. OTTINA. I think some States are beginning to see the wisdom of what you are saying.

Mrs. HANSEN. You estimate the number of projects funded under part B will be decreased to 60 in fiscal year 1975 from 120 in fiscal year 1974. Why the decrease in projects in light of the $20 million increase for part B?

### MULTIYEAR FUNDING

Mr. McGETTRICK. We are planning in fiscal 1975 to "multiple year fund" some of the projects so they would have the resources to carry them through.

Mrs. HANSEN. It would be a $1 million spread over 2 years?

Mr. McGETTRICK. Sometimes 3 years.

Dr. OTTINA. It has been our experience when we asked school districts to undertake some of these different approaches, demonstration approaches, that they are very concerned about having something there for 12 months and then worry about whether they will or won't have funding for the second 12 months.

Our approach has been wherever possible to give them a length of time so they can develop the approach and demonstrate the approach. We typically try to divide these into 18-month, 2-year, or 3-year stretches.

### PART C REQUEST

Mrs. HANSEN. You are requesting $8 million for special projects for Indian adults. This is part C. Will you please give us the details? $3 million was appropriated in fiscal year 1974.

Mr. SWETT. Here we are trying to address the total issue of the adult education population.

With the high dropout rate we have among our high school students we know we have a tremendous Indian adult population out there that has not completed high school so we are trying to come up with alternative approaches.

Mrs. HANSEN. I have news for you. If I had to use new math, I never would have gotten through the fourth grade.

Mr. SWETT. I suspect all of us might be in that category.

We try to get into English as a second language.

We have been working with some of the Navajo. There are many in the Navajo population who speak the Navajo language but have problems reading the Navajo language. They do not speak the English language.

Mrs. HANSEN. I think I am correct in saying that Navajo was not originally a written language. Back in World War II, I recall, one of the Navajo's great contributions as part of the South Pacific strategy was to use their language in the code. Nobody could break it because nobody knew what it meant.

Mr. SWETT. Based on the little experience I have had with the Navajos, we found that by working with them in their native language—of course they develop some curriculum material in Navajo—we could get them to read in Navajo and then get them to transfer that into English. That was successful. We feel that if this approach can work in a small situation, we can magnify that, from the Navajo as well as other communities.

Dr. OTTINA. Our experience has been thus far with people who enter the school system where English is predominantly spoken with other than English as their mother tongue. If they have an inadequate command of that tongue and you begin to introduce English too quickly they have problems with both languages, so our approach has been to strengthen their own tongue first and then move over.

Mrs. HANSEN. You can identify the word "cat" in Navajo and then "cat" in English becomes more simple.

There are also groups who speak no Indian language at all, such as some of those in the Northwest. They speak English exclusively and some of the most literate people I know are from those Indian tribes. Yet they have other needs. They have needs in the mathematical field.

### DIFFERING NEEDS OF DIFFERING COMMUNITIES

Dr. OTTINA. It is very interesting how different Indian populations are in that regard.

We are aware of a study that was done where it is my understanding that Eskimo children are superbly mathematically gifted and are able, in the normal types of tests that have mathematical concepts, to literally go through the ceiling on the tests for their age level.

People hypothesize that this is partially due to the fact that, in their living conditions, they have to be very aware of special relationship, distances and sizes.

Mrs. HANSEN. You have to have these abilities if you have to figure out how to miss an iceberg and dodge a polar bear and how to construct a building. Interestingly enough, as you visit some of their villages, their buildings are very precise—extremely precise.

Dr. OTTINA. I was just reinforcing the point you made that their needs differ quite widely.

Mrs. HANSEN. You cannot ignore the communities where they have a good knowledge of English and have known nothing but English and yet, at the same time, they can be tremendously deficient in mathematics.

Mr. SWETT. There are different groups in different parts of the country with different needs. We want to survey the population of the Nation and try to get some direction as to where we should go in meeting those needs, in order to prepare the person to be in a position to gain better employment.

Mrs. HANSEN. You better go down to BIA and get as much material as they have. It will save you some money. They have been in existence since 1849. If they haven't got anything else down there, they must have books of figures. Mr. Benham, you better get busy digging them out.

I don't like to see what we have wasted. We haven't enough money to do all we want to do, so utilize whatever facts and figures you have.

With regard to the urban problem which we discussed yesterday, many Indians have left the reservation. What cultural equipment did they have when they got into the city? What problems did they have in the city?

They should have the opportunity to be fully qualified American citizens and enjoy the same things that other people do.

### ADDITIONAL REASONS FOR INCREASED REQUESTS FOR PART C

Mrs. **BEEBEE.** Other reasons for increasing the funding is our feeling that parents have become better educated and more literate, that this will have a positive benefit on their children and their attitudes toward schools, and particularly the legal requirement of parent councils to help in the future and in the direction of Indian education.

Mrs. **HANSEN.** This is very true. The great hope of the Indian world in the future is the return of the people with a better economic opportunity, through their educational advancement, and through a kind of living in an Indian community that is a kind of inspiration to everybody else. I have seen this in some of our Indian communities in the Northwest.

Please give us an example of some of the special projects that you have under part C.

### EXAMPLES OF PART C PROJECTS

Mr. **SWETT.** At the present time we have, in the list on page 12, one in Albuquerque dealing with developing models. We realize the Indian community has a certain legal interest. The Indian can get into a special skill in addition to his reading and general knowledge skills.

If he can feel he is going to class to benefit from another type of knowledge, that is one thing we are doing.

We have another demonstration project in Washington, with an adult education learning center. We are giving them an opportunity to do some planning and really find out specifically what are the needs of any community, and bring them together and develop a program to meet those needs from an educational standpoint.

In adult education we find we have to have programs that participants can identify as meeting a particular need and from that you get into the educational aspect. When you open up a class for reading and writing, the image of their previous experience is quickly flashed in their minds. We have to have programs here which say it is meeting another need but at the same time you are learning to read and write and develop capabilities.

Mrs. **HANSEN.** I know another program in your educational category that you will need desperately and that is premedical incentives so that you can get some doctors into your Indian world. You know the day of the patriotic doctor who took the Indian Health Service in preference to the draft is long gone and you are having great difficulties now getting doctors into the Indian communities. The feeling of sacrifice is disappearing.

You mention that you plan to undertake a survey of adult Indian education to determine the direction this might take. How much do you anticipate the survey will cost and what additionally do you plan to learn from this survey which you do not already know, or which you cannot secure from the much maligned Bureau of Indian Affairs?

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### GAPS IN KNOWLEDGE ABOUT EDUCATING INDIAN ADULTS

Mr. Swett. To answer your question about what we hope to learn that the Bureau of Indian Affairs doesn't already have in their records, when you go back and read the testimony that led up to the development of this bill, we know there are gaps in there with regard to the adult education problem in this country. We have some gut feelings as to what it is, but we are unable to put it all together and say, "This is the extent of the problem in the country."

Until we understand the full extent of the adult education problem, we are not going to be able to really map out a comprehensive program that will give the Commissioner, the Deputy Commissioner and his staff, and the Congress some direction in which they can go for future funding.

We incorporate that along with the things we are talking about here now. The item of price—we have surveys in adult education which would indicate an average of $300,000 per project.

Mrs. Hansen. If you utilize all the material you can find, it will be well. The Indian Health Service has a lot of it and the Bureau of Indian Affairs must have some.

You also indicate a decrease in the number of projects under part C in 1975 to 25 in fiscal year 1975 from 30 in fiscal year 1974. Why the decrease?

Ms. Beebe. The same reason as for part B—the multiyear funds.

Dr. Ottina. Fiscal year 1974 is also that, but we have not made any awards in 1974. It may be 27 or a number other than the 30.

### PROGRAM ADMINISTRATION REQUEST

Mrs. Hansen. A total of $2 million, an increase of $221,000 is requested for program administration. What are the details of this request?

Dr. Ottina. We have one page 17, I believe, a——

Mrs. Hansen. You have 50 positions.

Dr. Ottina. We also have 50 positions granted in fiscal year 1974 to administer this set of programs. We did have in this program, as I recall, an increase in pay raise which accounts for a portion of it.

Mr. McGettrick. Also included are the planning and evaluation funds and the funds for the operation of the National Advisory Council.

Mrs. Hansen. Then you have a 15-member National Advisory Council on Indian Education. It is a legally mandated requirement. This is just for per diem, I believe.

Dr. Ottina. It is a per diem and travel operation. They do, from time to time, have other associated expenses. They do maintain a small staff.

Mrs. Hansen. There is no such thing as a small staff in a bureaucracy.

Dr. Ottina. I think it is three people literally.

Mr. McGettrick. It is four people.

Mrs. Hansen. We handle a budget of about $3 billion and 27 agencies and I have a staff of two.

Dr. Ottina. They have a staff of four people. They do have associated expenses with the staff, of supplies and equipment. Part of the increase we are requesting here is an increase for the use of the National Advisory Council and we are estimating that now to be $225,000.

## PROGRAM SUPPORT PACKAGES

Mrs. HANSEN. You have an item, "develop program support packages that would be of assistance in local project operations." Do you want to explain that?

Mr. LAMOURE. As you mentioned earlier, there are other Federal programs such as titles I and III of the Elementary and Secondary Education Act, and others also dealing with Indian projects. What we were hoping to do here was to put together packages to enable those program managers of those programs to work with the Indian community. In other words, to make them more aware and more concerned with the Indians' needs and involvement in his own educational process.

Dr. OTTINA. We have taken our charge from the Congress to mean two things. One, to administer the act but, second, to look more broadly at other pieces of legislation we administer and how they serve Indian children.

Mrs. HANSEN. You would propose to put it all out so they can see what can be done with each portion of it, is this correct?

Dr. OTTINA. Yes; we would propose to work with each of the other programs that attempt to serve Indian children, or Indian adults, and to try to teach them, to give them aid and technical assistance to serve the particular needs we have discovered through the analysis that we have been doing in this element of the department.

Mrs. HANSEN. The Bureau of Indian Affairs puts a sizable amount into adult education, vocational training, and so on. There is no overlap there, is there?

Dr. OTTINA. That was meant to be all of education. The previous comment I made referred to elementary, college-based programs, the whole gamut.

Mrs. HANSEN. I am talking about adult education. I am just asking you a question. You have adult education?

Dr. OTTINA. Yes.

Mrs. HANSEN. We do provide sizable amounts for adult vocational training and adult education within the Bureau of Indian Affairs account. I hope there is no overlap.

Dr. OTTINA. We too administer an adult vocational program in general education.

## STUDIES TO DETERMINE SUCCESSFUL PROJECTS

Mrs. HANSEN. Then you have a third item, "Conduct studies into program delivery systems and identify successful and effective projects funded under the act."

Mr. LAMOURE. We propose to study the other programs, such as the Elementary and Secondary Education Act, title I, which is State-administered. That means each State department of education is responsible for approving and disapproving those projects.

A similar Federal program would be title III of Elementary and Secondary Education Act, the State-planned portion. What we will attempt to do is see how much coordination exists at the State department of education level between the State-administered Federal programs and how much of this coordination is transmitted to the local education level. The purpose of the study will be to better coordinate the Federal funds in order to better assist the Indian child.

Mrs. HANSEN. Have you anything further to add to your program administration budget?

Mrs. BEEBE. Although there are 50 positions in 1974 and 1975 there is an increase in the man-years actually worked from 39 in 1974 to 54 in 1975. That is one of the principal reasons for the increase in the salaries and expenses portion of the budget.

Mrs. HANSEN. Please insert in the record a list of the title and grade of the 50 permanent positions you are requesting.

[The information follows:]

### OFFICE OF INDIAN EDUCATION

### TABLE OF ORGANIZATIONS AND LIST OF PERMANENT POSITIONS

*Organization/Position/Grade Level or Span*

OFFICE OF INDIAN EDUCATION

| | |
|---|---|
| Administration: | |
| Deputy Commissioner | GS–18 |
| Special assistant | GS–12/14 |
| Program Management Coordinator | GS–14 |
| Budget and fiscal assistant | GS–7/11 |
| Staff aide | GS–7 |
| Administrative assistant | GS–7/11 |
| Secretary | GS–6 |
| Secretary | GS–5/7 |
| Clerk typist | GS–4 |
| Planning: | |
| Planning officer | GS–15 |
| Staff assistant | GS–7/11 |
| Secretary | GS–5 |
| Part A Management: | |
| Program manager | GS–15 |
| Program officer | GS–13/14 |
| Program officer | GS–13/14 |
| Program specialist | GS–12 |
| Do | GS–11 |
| Do | GS–9/11 |
| Do | GS–9/11 |
| Do | GS–9 |
| Program analyst | GS–9 |
| Program Analyst (2) | GS–9/11 |
| Program Assistants (3) | GS–5/7 |
| Secretary | GS–5 |
| Secretaries (2) | GS–4/5 |
| Clerk typists (2) | GS–3/4 |
| Parts B and C Management: | |
| Program manager | GS–15 |
| Program officer | GS–14 |
| Do | GS–13/14 |
| Do | GS–13/14 |
| Do | GS–13 |
| Program specialist | GS–9/12 |
| Do | GS–9/12 |
| Do | GS–9/12 |
| Program specialists (3) | GS–9/12 |
| Program assistant | GS–7 |
| Do | GS–5/7 |
| Office assistant | GS–4 |
| Secretaries (3) | GS–4/5 |
| Clerk typist | GS–4 |
| Do | GS–3/4 |

(NOTE: Where a range of rather than a specific GS level is indicated, the actual level will depend upon the qualifications of the individual selected to fill that position.)

## LIST OF CONTRACTS

Mrs. HANSEN. Insert in the record a list of contracts awarded to date and those anticipated in 1975, indicating the amount of the contract, the duration, the purpose and the institution involved.

[The information follows:]

CONTRACTS AWARDED WITH FISCAL YEAR 1973 INDIAN EDUCATION FUNDS

| Contractor | Purpose | Duration | Amount |
|---|---|---|---|
| 1. CPI Associates (through the Small Business Administration). | To expand the existing data base for Indian education; to develop a model for evaluation of grant awards; to conduct evaluation of grant awards. | 18 mo | $330,000 |
| 2. Navajo Community College | To prepare a 5 volume series of position and background papers on Indian education. | 1 yr | 104,097 |
| 3. National Indian Education Association | To provide technical assistance in administration and management of grants to grantees under pts. B and C of the Indian Education Act. | 4 mo | 54,000 |
| 4. Ed Cherian & Associates | To provide secretarial and clerical support during 1973 grant reviews. | 3 mo | 40,000 |
| 5. George Washington University | To provide data processing | 1 mo | 4,000 |
| 6. Various field readers | To read and evaluate funding proposals | 1 mo | 3,975 |
| Total |  |  | 536,072 |

## MONITORING OF THE PROGRAM

Mrs. HANSEN. $300,000 of the $2 million you are requesting for administration is to monitor and make plans for program functioning. We discussed to some extent this monitoring program, but do you think the funds you are requesting for this activity will be adequate?

Mr. LAMOURE. We think $300,000 is a reasonable amount to fulfill our monitoring responsibilities.

Currently we have an evaluation contract with CPI Associates, designed with the staff, for process and monitoring which has provided us with most of the data that we have been passing out this morning.

As the system becomes more refined, we will be able to annually monitor and track a specific number of the grants that appear to be having problems on a continuing basis, whereas the remaining grants will follow a standard reporting system.

We don't feel we need to go out and look at each one of the projects every year. Some of these are 3-year projects.

Mrs. HANSEN. No computer can take place of a person going out and looking at a project. If you don't take a careful look at new programs like this, you are going to be in nothing but trouble.

Dr. OTTINA. You are absolutely right.

Mr. LAMOURE. This spring we will be out looking at all of the fiscal year 1973 projects.

Mrs. HANSEN. You had better go back again and look at them in 6 months because sometimes money can be saved in the midpoint of a project by correcting difficulties that are ongoing.

Dr. OTTINA. I couldn't agree with you more.

Mrs. HANSEN. I sincerely warn you that many people are concerned that you do a good job for the Indian child and for the Indian community. It is just as important to monitor the program as it is to get the records on a computer to show the next committee how much money you need.

I think we need to be very insistent there is a good audit on your activities.

### NEED FOR SITE VISITS

Dr. OTTINA. You are absolutely right on all points, Mrs. Hansen. We are often negligent of not initially visiting the site during its early formative stages. We should visit it when it starts off and very soon thereafter because those are the times when you can catch what will later become catastrophic errors and at that time are only minor problems. Your advice is well taken.

Mrs. HANSEN. Thank you, Dr. Ottina, and members of the staff. I very much appreciate your appearance here today and your frank answers.

I think the committee is deeply interested in what you are going to do and how you are going to do it and what the results are going to be. We wish you well. We will be interested in results from time to time. I think every member of the committee is deeply interested in this subject.

Thank you again, Dr. Ottina. We do appreciate it.

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THURSDAY, FEBRUARY 28, 1974.

## DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

### HEALTH SERVICES ADMINISTRATION

### INDIAN HEALTH SERVICE

### WITNESSES

**CHARLES C. EDWARDS, M.D., ASSISTANT SECRETARY FOR HEALTH**
**DR. EMERY A. JOHNSON, DIRECTOR, INDIAN HEALTH SERVICE**
**HAROLD O. BUZZELL, ADMINISTRATOR, HEALTH SERVICES ADMINISTRATION**
**HENRY V. CHADWICK, DEPUTY DIRECTOR, INDIAN HEALTH SERVICE**
**DR. LIONEL DE MONTIGNY, DIRECTOR, DIVISION OF INDIAN COMMUNITY DEVELOPMENT, INDIAN HEALTH SERVICE**
**DELBERT A. LARSON, DIRECTOR, OFFICE OF ENVIRONMENTAL HEALTH, INDIAN HEALTH SERVICE**
**WILFORD J. FORBUSH, DIRECTOR, DIVISION OF BUDGET FORMULATION/OS**

### OPENING OF HEARINGS

Mrs. HANSEN. The committee will come to order.

This morning we have the Indian Health Service. We have as our principal witnesses Dr. Charles C. Edwards, Assistant Secretary for Health, and Dr. Emery A. Johnson, Director, Indian Health Service.

Will you please insert in the record the biographies of those witnesses who are appearing for the first time.

[The document follows:]

## BIOGRAPHICAL SKETCH

*Name.*—Charles C. Edwards, M.D.

*Position.*—Assistant Secretary for Health.

*Birthplace and date.*—Overton, Nebr., September 16, 1923.

*Education.*—University of Colorado, Boulder, Colo., 1945, bachelor of arts; University of Colorado, Denver, Colo., 1948, doctor of medicine; University of Minnesota, Rochester, Minn., 1956, master of science, surgery.

*Experience*

Present: Assistant Secretary for Health.

1969–73: Commissioner, Food and Drug Administration.

1967–69: Vice president, Booz, Allen and Hamilton.

1964–67: Director, division of socioeconomic activities, American Medical Association.

1963–64: Director, division of environmental medicine and medical services, AMA.

1962–63: Council on Medical Education and Hospitals, American Medical Association.

1961–62: Instructor of surgery, Georgetown University Medical School and consultant to Public Health Service.

1957–61: Teaching staff, Iowa Methodist Hospital and Mercy Hospital, Des Moines, Iowa.

1956–61: Private practice, Des Moines, Iowa.

1950–56: Surgical fellow, Mayo Foundation, Rochester, Minn.

1949–50: Teaching fellow, University of Minnesota, department of physiology.

1942–46: Lieutenant, U.S. Navy, Korea.

*Association memberships*

American Board of Surgery; American College of Surgeons; American Public Health Associations; Institute of Medicine of Chicago; American Medical Association; and Economics Club of Chicago.

*Awards*

Silver and Gold Award, University of Colorado Alumni Association, May 1972.

Founders' Award, Grant Hospital, Chicago, Ill., October 1972.

Honorary chancellor of Florida Southern College for 1973 and honorory doctor of laws degree, February 1973.

## INTRODUCTION OF WITNESSES

Mrs. HANSEN. Dr. Johnson, will you please introduce the witnesses that accompany you today.

Dr. JOHNSON. Dr. Charles Edwards, Assistant Secretary for Health.

On his right is Mr. Buzzell, Administrator of the Health Services Administration.

On my left is Mr. Henry Chadwick, Deputy Director, Indian Health Service.

On his left, Delbert Larson, Director, Office of Environmental Health, Indian Health Service.

At the far end of the table, Mr. Wilford Forbush, Director, Division of the Budget for the Office of the Secretary, HEW.

In the back row, Mr. Harell Little, Director, Office of Financial Management, Health Services Administration.

Mr. Muldoon, who is Director, Office of Resource Management, Public Health Service.

Behind me is Dr. Lionel de Montigny, Director, Division of Indian Community Development.

Next to him is Mr. Sol Orden, our Financial Management Chief.

Mrs. HANSEN. How many financial managers do you have?

Dr. JOHNSON. We have them all here.

Next, Mr. Joe Exendine, who is the Director of Program Management, and to his left Dr. John Todd, Director of Program Operations, Indian Health Service.

Mrs. HANSEN. Dr. Edwards, I am sure you have a general statement for the committee. You may place it in the record and summarize it or read it as you wish.

Dr. EDWARDS. Madam Chairman, why don't I just place it in the record?

[The statement follows:]

### STATEMENT BY THE ASSISTANT SECRETARY FOR HEALTH ON "INDIAN HEALTH SERVICE"

Madam Chairman and members of the committee: I am certainly pleased to have an opportunity to appear before this committee as you begin your consideration of the 1975 budget request for the Indian Health Service.

And while I in no way want to preempt the more detailed statement that Dr. Johnson will make this morning, I would like to take just a few minutes to touch on a number of points that, I think you will agree, are of particular importance both to the health of the Indian people and the work of the Indian Health Service.

In some respects, the health problems of the Indian people are a microcosm of problems affecting the entire Nation but are of a greater severity.

On my recent trip to Window Rock and the Navahoe Nation, the deficiencies in the health care of the Indians were dramatically visible. However, the Indian Health Service has made significant strides in recent years to upgrade these deficiencies.

For example:

In the last 17 years, infant mortality among Indians and Alaskan Natives has declined by 67 percent, which is twice the rate of decline for the total U.S. population. The tuberculosis death rate among Indians fell 85 percent, again greater than the pattern for the population as a whole.

Important as these accomplishments are, however, they do not obscure the fact that the Indian people still lag far behind the rest of the Nation in health status. And that lag, in my judgment, is accounted for by an acute manifestation of problems that we must deal with in every part of the country and in every sector of the American health care system.

We know, for instance, that health status is related to economic status, that poverty and ill-health go hand in hand. And while the Federal Government has a special responsibility to provide health services for the Indian and Alaskan Native peoples, it also has a responsibility to help break the cycle of poverty and illness that affects many millions of citizens in every part of the country.

The comprehensive health insurance plan was developed specifically to provide a means of assuring access to health services for all persons without regard to their economic status. And I want to point out here that this proposal would provide important additional benefits to Indians and Alaskan Natives, in that it would open up access to health care outside the Indian Health Service, something that many Indians and Alaskan Natives have been denied simply because they cannot afford it. It should be stressed that the proposal would in no way diminish the health care now being provided for the Indian people through the Indian Health Service.

Problems of health manpower are another obstacle that bears heavily on Indians and Alaskan Natives, but are also of extreme importance to our whole health care system.

You are aware of the critical difficulties the Indian Health Service has had in filling its health personnel needs. I think we are making important progress toward overcoming this shortage, and Dr. Johnson will have more to say about this problem in the course of the hearings.

The point I would like to make is simply this:

We in the Federal health enterprise and many responsible health organizations outside the Federal Government are working to develop a strategy addressed squarely at the complex health manpower problems affecting the entire health care system—problems of maldistribution that cause some sections of the country to have more physicians than they need, while others literally have none—problems of specialization that result in a severe shortage of primary care physicians and an abundance of certain kinds of specialists.

We clearly need to devise a means to correct these imbalances, to motivate health professionals to practice in shortage areas and scarcity fields. Only when these manpower problems are fully resolved can we be sure that the Indian people, the urban poor, and those living in isolated rural areas will be able to participate fully in the American health care system.

Obviously, because of our long-standing reponsibility to the Indian people, we cannot and we will not allow these national problems to prevent the Indian Health Service from carrying out its mandate as effectively as possible. I think the Indian Health Service budget request that is before you clearly testifies to the fact that we are moving ahead as rapidly as practicable toward further strengthening the capacity of the Indian Health Service to serve its half million beneficiaries.

The 1975 Indian Health Service budget proposal is designed to improve and expand the availability of health services to the Indian population. A total of $281 million is being requested, an increase of $31 million over the 1974 appropriation and supplemental request. Funding for services will rise by 13 percent and for facilities construction by 10 percent.

These increases will enable the Indian Health Service to improve the quality and quantity of health services, replace or improve some health care facilities, and make further progress toward adequate community sanitation.

I want to stress the fact that the Indian people are continuing to increase their participation in the planning management, and operation of the Indian Health Service programs that serve them. Approximately 53 percent of the Indian Health Service work force consists of Indian people trained as physicians, allied health professionals, nurses, administrators, community health representatives, and in other health skills.

I think it is also important to note that the Indian Health Service and other agencies within the Public Health Service work closely to provide comprehensive services to the Indian and Alaskan Native people.

I would like to reiterate in closing that the health problems and health needs of the Indian people command a special measure of responsibility from the Federal Government. For that reason, the accomplishments of the Indian Health Service are not only a tremendous benefit to the Indian people, but they are also valuable to the Nation in its efforts to come to grips with the complex health care problems that concern us all. I intend to make another visit with Dr. Johnson to the Dakotas in June to deepen my understanding of these complex issues.

I hope, therefore, that the Committee and the Congress will look favorably on the Indian Health Service budget request.

I will be pleased at this time to answer any questions you may have.

Thank you very much.

## SUPPORT FOR INDIAN HEALTH PROGRAM BY HEW

Dr. Edwards. The principal reason that I am here this morning isn't that I feel I can give you any information that Dr. Johnson or Mr. Buzzell cannot give you, but I am here principally because I feel that the subject of Indian health is very important as far as the overall health issues and priorities in the Department of Health, Education, and Welfare are concerned, and I wanted to emphasize the importance we are attaching to it.

## REACTIONS TO VISITS TO INDIAN RESERVATIONS

Recently Dr. Johnson and I went down to New Mexico and Arizona in the Navajo world and we are planning some trips up into the Dakotas.

Though I have been in the health field for many, many years, I must say this was the first trip that I had taken, in an official capacity, to any of the Indian reservations. I would make several observations:

One, I was very impressed with the dedication and the capable people the Indian Health Service have down there. I was equally impressed with the order of magnitude of the job that remains to be done. It is a tremendous job and we are just really beginning to zero in on it.

I think the budget for fiscal year 1975, for the first time in the last several years, is beginning to reflect the health needs of the Indians. I include obviously the Alaskan Indians as well.

I want to assure you that this is really a high priority with us and we are going to do everything we can to try to come to grips with this problem.

Mrs. HANSEN. Dr. Edwards, speaking of the conditions on the Navajo reservation, did you notice the increasing length of the lines of people visiting the clinics and the out-patient facilities, and the length of the hours that your people have to work. It places a tremendous burden on the doctors, nurses, and other staff in the hospital.

Dr. EDWARDS. I think without any question that it is evident when one goes down there and sees it firsthand.

As I have said, at times had it not been for the dedication of some of these people, the system would have fallen apart. Not only do we need more people, we are stepping up our recruiting efforts to a degree to come to grips with this manpower problem. It is a tough one.

The facility problem is a difficult one, too. Some of the facilities they are working in down there are not adequate either for the physicians or the patients. These are the tough issues we have to begin to meet. These long waiting lists for surgical procedures and other needs just won't wait. We have to meet them head on.

### RECRUITMENT PROBLEMS AND SOLUTIONS

Mrs. HANSEN. What steps are you taking in your recruitment process to insure that you have the necessary number of doctors and nurses? We are all well aware of the fact that the draft exemption ended. Many people who were interested in serving in the Indian Health Service no longer have that desire because of this change in the draft laws. What can we do?

Senator Jackson, Congressman Meeds, and I have introduced a bill which, if passed, might give some stimulus, but in the meantime what can we do? The BIA in fiscal year 1975 plans to provide 14,700 Indian scholarships. They didn't seem to place any priority on the medical scholarships or increasing the premedical work. I didn't see any impetus given to those courses which would at least give young Indian people some opportunity to see if they are at all interested or have the ability to cope with the scientific field.

We have a good legal scholarship program, but I didn't see any particular emphasis on the medical scholarship program.

Dr. EDWARDS. Well, Madam Chairman, I think we have to be included in the military bonus bill for commissioned officers. I think that is an absolute must and if we are included in that bill I feel that with a stepped up recruiting program that there are just enough dedicated youngsters that will permit us to do better than we have done in the past.

In addition to that, of course, as you know one of the good features we do have in the 1975 budget, is about $22,500,000 in a stepped-up scholarship program. Mr. Buzzell can speak more to that, but as I understand it, it is being received very well and our applications are picking up tremendously.

Mrs. **Hansen**. What is the average salary for the young doctor in one of the clinics?

Mr. **Buzzell**. It is about $17,000 or $18,000. However, yesterday the chairman of the Armed Services Subcommittee, Mr. Stratton, agreed to include the Public Health Service physicians in that bonus bill and it will go to the floor and I think it would be appropriate for this committee to add its emphasis to it because that will take the salary to probably around $28,000 or $29,000.

We had to ask for some provisions. One thing we wanted was for that bonus to be applied immediately from the first day of service so this July, when that physician comes on board, he or she will come on board at $27,000 or $28,000.

The Senate bill was for $10,000, maximum. This bill is for $15,000 and they will probably compromise around $12,000. That makes the physician coming in competitive with the young physician in the private sector.

Mrs. **Hansen**. What is the average salary for a young physician in the private sector?

Mr. **Buzzell**. Generally speaking, he will be making less than our physicians because he will either be in an internship or residency kind of a program. We are going to be in good shape for young physicians.

### EMPLOYEE HOUSING

Mrs. **Hansen**. You have another problem, employee housing. You have some of the worst houses I have ever seen around Fort Wingate.

For example, the world is full of firewood. There is no reason why they couldn't have a fireplace in their house. The fiscal limitation on employee housing curtails such a luxury. In order to provide another bedroom they have reduced living room space and closet space.

I reminded the general in charge of military housing construction that I thought they ought to have a few women planning some of these houses.

Employee housing is not only for the convenience of the employee, but as you are trying to increase the standard of living in these areas you should have the kind of house that would give an opportunity for the Indians, or anyone else, to see how a house should be operated, decorated, et cetera. It is a showcase, a model of that kind of living. You have another intricate problem.

In some of your areas there is very little recreation. We have been trying to make sure when we build our Indian schools, for example, we have swimming pools and other forms of recreation.

It seems to me when you provide some of these things, you have not only done something for the employee, but you have done something for the Indian reservation itself. There are some things that are no longer a luxury in this century, but part of the necessity of living. It is just as important to have recreation as part of your programs as it is some other things.

A complete review of employee housing, I think, is absolutely mandatory, particularly in Alaska and on the Navajo Reservation.

### RESERVATION ROAD SYSTEMS

Another problem which was discussed yesterday is the inadequacy of the BIA road system. As you are well aware, the size of the Indian world is roughly the size of the States of Pennsylvania, Maryland, and West Virginia. It is difficult to have good health services when you have no approachability to your clinics, or anyway for your health representatives or doctors to travel.

There are some roads down to the Navajo Reservation that are not roads at all. They are just listed as roads. They are nothing but sagebrush and mud. Some people are actually walking 7 or 8 miles to the clinics. This is not a pleasant experience, as you are well aware. Someone that is in an emergency situation, is going to die on the way.

Roads to some people are an infringement on the environment, but they don't understand that they are necessary in the Indian world. Without adequate water and roads you can't provide the services which are necessary for the survival of the Indian people

These are the areas that I urge the Indian Health Service to exert their influence in the budgetary process.

### PROBLEMS OF THE ELDERLY

Mr. Secretary, I am going to bring up another problem.

In Alaska, for example, you have a very different problem in your very small villages. They hopefully will improve with the enactment of the Alaska Natives Claims Act.

The average size home is about one room in some of those villages, which may house a mother, father, and eight or nine children. They may also have the grandparents living with them. When these elderly people enter the hospital, the hospital generally wants to get them out of the hospital as quickly as possible and have the family care for them during their recovery. The family would like to have them and the elderly want to go home, but the man is away at a fishing camp. The woman is confronted with the bleak necessities of doing all the cooking, all the wood gathering, taking care of 10 children, and all the other things. So what happens to this elderly person?

I think the problem of the elderly in the Indian world is very troublesome. Family life is very important in the Indian community. Some experimentation should be done on providing either a visiting nurse or having a health nurse in the villages where maybe you could have perhaps a duplex health facility for the elderly.

This is also the situation in the Navajo world. I visited some of these tragic places.

I would like to take some Members of Congress to see some of these areas, they would never believe such conditions existed.

Dr. **Edwards**. You might take OMB with them.

Mr. **McKay**. A marvelous suggestion.

Mrs. **Hansen**. I offered them a trip to Alaska one time on a plane that didn't have an engine capable of going over the passes and they declined my invitation.

### NEED FOR ALCOHOLISM PROGRAMS

Dr. EDWARDS. I think your point on some of these special programs is a good one and one with which I was particularly impressed. We just can't let this fall by the wayside. As a matter of fact, we have to beef up our alcoholism program.

We visited the Indian Health Service hospital in Gallup. There was a very competent medical staff. I was informed that about 35 percent of the patients there are there for alcoholism problems of one form or another.

Mrs. HANSEN. You should visit the Gallup jail.

Dr. EDWARDS. You see 18- or 19-year-old kids with advanced cirrhosis of the liver and you begin to recognize the problem this is in the Indian community.

Aging is another area that needs lots of attention.

### DENTAL CARE

Mrs. HANSEN. Your dental care program is very good for a person's early years, but after a certain age it is just emergency care. This isn't a very comfortable way to live.

Dr. EDWARDS. At any rate, Madam Chairman, that is all I have to say. I do want you to know that Indian health is high on our priority list and we hopefully can give Dr. Johnson the support he needs to continue doing the outstanding job that he has done over the years.

### SUPPORT BY THE COMMITTEE OF THE INDIAN HEALTH PROGRAM

Mrs. HANSEN. Dr. Johnson knows this committee has always supported him and his programs. The committee has been tremendously pleased with the work that Dr. Johnson has done on behalf of the Indian Health Service.

I know of no more dedicated person in American Government than Dr. Johnson, and the entire staff of the Indian Health Service. I want you to know that Mr. Secretary.

We have been deeply pleased to have him lead the Indian Health Service over the years. We are also very happy to welcome you today.

Mr. McKay, do you have a question to as the Secretary?

### PREVENTIVE HEALTH PROGRAMS

Mr. MCKAY. Yes. You talked about alcoholism. What kind of a program do you have for prevention of sicknesses, not only alcoholism, but other things? Are we dealing with that side of it as well as just the cure after?

Dr. EDWARDS. I think you know this, but I think unfortunately we have emphasized far too much in the past the treatment of the acute disease and not the prevention. Alcoholism is a beautiful example of this problem.

I think we are trying to redirect our alcoholism programs, trying to get into the preventive aspects, and even developing new methods of treatment. Most of the funding in the past, at least since I have been in it, has supported the traditional methods of treatment, drying them out and so forth. We have to come up with new ways of handling this problem.

The problem is growing. We are obviously not dealing with the problem adequately and it is a tough one. It is more than just a health problem in terms of its prevention. It is an economic problem, job security and so forth.

Mr. McKAY. It is not all health, I agree, in a preventive program of that type. It would be necessary to see that they have something to do and the proper direction in life.

Mrs. HANSEN. I was interested in one of the work-learn program groups on one of the reservations in the west. The youngsters manage their own program. They built their own youth center. They have a rule that anyone that brings any liquor is not eligible to participate in any of their programs.

The young people have reduced the liquor consumption among young people on that reservation astonishingly. This is, of course, the thing you want to prevent: the teenage drinking.

I think also, Mr. McKay, we have an awful lot of white people who are only too pleased to sell liquor to young Indians. They will sell it to them when they are underage.

This doesn't mean that the Indians are alone in this problem. A teenage dance not very long ago in the West had to be closed at 11 o'clock because of the drinking. Who gave them that liquor? Obviously it came from some of their parents.

This is a problem across the country with all groups of people. Somewhere along the line, the parents have failed to recognize that their young people do need to be taught some kind of moderation and some respect for their own dignity.

Mr. McKAY. Along with that, is there any coordinative effort between Indian health, job development or others to coordinate a program that would aid in a prevention program that you have been talking about?

If there is, are there sufficient funds allocated in that direction to at least get some baalnce on prevention versus cure?

### NATIONAL HEALTH INSURANCE

Dr. EDWARDS. I think Dr. Johnson could probably speak to that later in far more detail. There are efforts in that regard but obviously not enough.

I would like to make one other point on this whole area of prevention. This is getting a little lobbying in for our health insurance plan, but nevertheless I think we for the first time do have in the administration's national health insurance proposal a comprehensive health insurance proposal a pretty good package of preventive health benefits.

The benefits are aimed primarily at mothers and children, but nevertheless I think it will have a major impact on preventive health. This comprehensive health program will be available to the Indian population. It will not affect our operation of the Indian Health Service, but it will provide benefits for those Indians that don't have access to Indian Health Service facilities.

Mrs. HANSEN. Dr. Johnson might give us an overview of the varied health programs and how they could benefit the various sectors of the Indian health problem. Some kind of a system that includes them is mandatory. They themselves do not have the economic resources to provide, in most of the instances, any physical participation. I think we have to recognize that.

Dr. EDWARDS. I won't belabor the point, but I am glad he is going to have an opportunity to talk about it. I think it is very important.

Mrs. HANSEN. Thank you very much, Dr. Edwards.

Dr. Johnson, I am sure you have one of your usually good statements. You may place it in the record and summarize it for us.

### STATEMENT BY DR. JOHNSON

Dr. JOHNSON. Thank you, Madam Chairman. I will submit for the record the formal statement and I would like to share with you some of the highlights from the statement.

[The statement follows:]

### Statement by Director, Indian Health Service
### on
### "Indian Health"

The Health Services Administration is a major health component of the Department of Health, Education, and Welfare. The Indian Health Service is that part of the Health Services Administration which is concerned, specifically, with the health needs of a large segment of the American Indian and Alaska Native population.

The Indian Health Service in Fiscal Year 1975 will be the major Federal health resource for some 444,000 Indians and 54,000 Alaska Natives. The Service's goal is to elevate the health of these people to the highest possible level. Its mission is to assure the availability of a comprehensive health services delivery system that will provide Indians and Alaska Natives with opportunities for maximum involvement in defining and meeting their own health needs.

Substantial progress has been made in pursuit of these goals. Included are efforts relating to ambulatory, dental, eye and contract care; projects to assist urban Indian people to identify and obtain health services available in the communities where they live; and Tribal programs carried out through contracts with the Indian Health Service. Progress has been made, too, in upgrading, through construction, the physical plants and where services are provided, increasing the availability and safety of the water and waste disposal systems for Indian homes and communities.

The 1975 appropriation request of $280,999,000 for "Indian Health" includes $226,043,000 for the Indian health services and program management activities, and reflects an increase for services of $26 million over FY 1974. This increase will be used to cover a $3.3 million program expansion in ambulatory patient care, and the mandatory cost increases for such items as within-grade promotions, supplies, medical care under contract, staffing of new facilities, and other contractual services. The 1975 program increase will continue the contract and ambulatory care and ANCHAT initiatives begun in fiscal year 1974.

The remaining $54,956,000 of the Indian Health request for 1975 is for medical facilities, construction and sanitation facilities for Indian homes and communities. These funds will provide for: (1) a new replacement health facility at Claremore, Oklahoma ($8,560,000); (2) a replacement school health center at Riverside, California and a dental expansion at the Tohatchi, New Mexico clinic ($375,000); (3) 207 units of personnel quarters at Tuba City, Arizona ($5,500,000); (4) sanitation facilities and technical services to assist Federal and Tribal housing programs to serve approximately 9,500 units of new or improved housing and existing adjacent homes ($33,046,000); (5) new or improved sanitation facilities for 3,525 existing Indian homes in other locations ($7,000,000); and (6) special sanitation projects to serve ceremonial areas and community buildings, engineering investigations, emergency works and unforeseen conditions ($475,000).

Three principal objectives guide Indian Health Service activities in carrying out its mission in pursuit of its goal:

(1) Developing and applying modern, innovative approaches and methods to effect responsive and high-quality health services delivery systems.

(2) Acquainting Indian people with health programs for which they, as American citizens, are eligible; encouraging their participation in such programs if they are available and accessible; and alerting the administrators of those programs about Indian needs, and encouraging them to develop ways in which such needs can be met.

(3) Responding to the desires of Indians to engage in the self-determination process by providing options for them to man, manage and otherwise guide and participate in the planning, operation and evaluation of Indian Health Service health services delivery systems.

PROGRAM ACTIVITIES

In seeking progess toward its objective, the Indian Health Service provides a wide range of curative, preventive, rehabilitative and environmental services. These systems are organized around 86 strategically located service units, utilizing a facilities network of 51 hospitals, each with an ambulatory care department, 83 health centers, and over 300 health stations and satellite clinics. The facilities characteristically are located in or central to the places where Indians traditionally make their homes and where alternative health resources ordinarily are limited or absent.

The Indian Health Service currently has over 7,700 full-time health positions to operate its delivery systems. More than half of the people currently employed are of Indian descent, working in all categories to staff and direct services programs.

Companion to the network of Indian Health Service facilities and staff, are contracts with over 300 private or community hospitals, approximately 30 State and local health departments, and some 500 physicians, dentists and other health specialists to provide hospitalization and specialized diagnostic and therapeutic services.

The Indian Health Service is the principal Federal advocate for Indians and Alaska Natives in the health field. As such, it actively seeks to inform Indian people about other Federal, State and local programs of health services for which Indians are eligible on the same basis as anyone else who qualifies, and to encourage their participation in those programs wherever they are feasible, available and accessible. Concomitantly, the Indian Health Service encourages agencies administering such programs to actively participate in the total endeavor to meet the needs of the Indian and Alaska Native people.

, Many Federal agencies have become active contributors to this total effort. Among the department of Health, Education, and Welfare participants are a number of the Health Service Administration's programs such as those addressing the problems of maternal child health. The Center for Disease Control also contributes to the effort by assisting the Indian Health Service to improve the quality [illegible]l laboratory services and to control communicable dis[illegible] The Health Resources Administration aids, too, through its role in the effort to increase the health manpower pool which the nation needs in order to serve Indians. These examples are only illustrative of broad Departmental involvement in seeking solutions to health problems of Indian people.

Other Federal Departments are involved in the overall effort to improve the hea[illegible] American Indians and Alaska

Natives. Participating, illustratively, are the Departments of Agriculture, Interior and Housing and Urban Development.

The impact of the combined input of these and all other health and health related organizations is pursued through melding their efforts into effective, overall health services delivery systems. This is done through the joint efforts of the Indian people and the Indian Health Service.

## INDIAN AND ALASKA NATIVE PARTICIPATION

Self-determination has real meaning and importance in the field of Indian health affairs. The key to its meaning is opportunity. The key to its importance is the priority placed upon it.

Available to the Indian and Alaska Native people is a wide range of opportunity to participate in all phases of planning, operating and evaluating the health program which serves them. These opportunities are available through employment by the Indian Health Service, as well as through participation in Indian community health institutions where the foundations are laid for the process of self-determination.

High priority is placed on recruiting Indian people into the Indian Health Service program and on providing them with realistic avenues for career growth and development.

As stated, Indians comprise more than half of the Indian Health Service work force. They are employed as physicians, administrators, community health medics, licensed practical nurses, dental assistants, mental health aides, sanitation aides, laboratory technicians, radiology technicians, specialists in environmentally related fields, and in a variety of other categories. Most of these Indian workers have acquired their health work skills through basic and advanced training provided or stimulated by the Indian Health Service in its sustained effort to help meet local health manpower needs through local people.

Trained manpower, particularly in the clinical treatment of illness, is in cirtically short supply in many remote places served by the Indian Health Service. Indian people, trained as Community Health Medics, help to extend the capacities of Indian Health Service physicians, nurses and other more extensively trained progessional health workers, to meet and successfully cope with the problems of providing access to competent health care in isolated settings. The magnitude of this type of effort is revealed by the fact that, by the end of 1974 some 45 Community Health Medics will have been trained, and will be serving Indian communities. In addition, another 20 are in advanced training also serving in Indian communities. In 1975 an additional 20 will enter the program.

The Indian Health Service, in addition to placing high priority on the recruitment and development of Indian manpower for its facilities, places high priority on being responsive to Indians' desire for options to participate in the overall health program effort through their own community institutions. An outstanding example of this by the Indians is seen in their response to opportunities to hire and supervise their own health workers to do the kinds of health work the tribes feel is important and within their management capabilities that otherwise would have to be done for them by the Indian Health Service.

Tribally employed health workers include the Community Health Representatives and Alaska Native Community Health Aides who often are the only resident health service providers to whom local people have immediate access. As such, they are the main link between the people and the health services system, and the prime promoter of local participation in health programs. ANCHATS are trained to perform a wide variety of medical services under professional supervision received by short-wave radio or telephone. Applications of space-age telecommunications systems are being tested for this purpose.

By the end of F.Y. 1974, some 968 Community Health Representatives will be serving 150 tribes in the United States, excepting Alaska. Another 250 will be in training in 1975. In Alaska, 185 Native Community Health Aides will be serving people living in 156 isolated villages.

These workers although trained by the Indian Health Service, are tribal employees. They are hired, selected, and supervised by tribal governments and inter-tribal groups. Through such contracts, the tribes have become major employees of health workers, employing about one-fifth of all service unit health workers.

Complimenting the wide variety of tribally managed tasks being performed by Community Health Representatives and Alaska

Native Community Health Aides, are substantial other health program activities, which are carried out through contracts with the Indian Health Service. Included are such diverse enterprises as a number of community development activities, Indian training and manpower recruitment programs. In addition to Indian Health Service funded activities, the Indians have made arrangements to conduct program activities made possible by other Federal health programs directed to problems of alcoholism, family planning, maternal and child health.

Although the above mainly pertain to tribal management of one or several specific health activities, a number of Indian groups have chosen to undertake broad spectrum health services management systems. Illustratively, under contract with the Indian Health Service, the California Rural Indian Health Board (CRIHB) arranges for the delivery of a variety of public and private health services to a specific Indian population. CRIHB augments this contract budget with services, funds and other resources provided by State, local, private and voluntary sources. By so doing, the organization has been able to extend arrangements for a range of health services to approximately 24,000 Indian people living in 32 counties.

The United Southeastern Tribes Intertribal Council is another group which has elected to coordinate and insure the delivery of all available health services. It encompasses Indians living in Mississippi, North Carolina, Florida, and Louisiana.

In addition, several tribes have created executive-type institutions designed to enable them to play a larger, more effective role in the management of direct, comprehensive health programs. The Navajo, for example, have established a health authority, while the Papago, Gila River Indian Community and others are progressing in the development of similar organizational capacities.

Evidence of Indian confidence in the Indian Health Service commitment to the self-determination process is presented by the steps which they have taken to assure that they are suitably organized to participate, as Indian community forces independent of direction by the Federal Government, in the management of the Indian Health Service program at all levels of organization. Most tribes have developed health boards as the institutional form of choice to conduct their health activities.

Local, or Service Unit, health boards advise the Indian Health Service on all aspects of program management. In turn, these boards are represented on Area Boards which provide advice at that level of Indian Health Service management. Advice is provided to the Director of the Indian Health Service by the National Indian Health Board which is made up of representatives from the Area Health Boards. All of these boards are responsive to elected tribal leadership rather than to the Indian Health Service, although the service does provide health program training for board members.

The Indian people's desire to participate in the self-determination process is very real. So is the Indian Health Service's commitment to provide every feasible opportunity for the Indian people to realize their desires. The service has every intention to meet the growing self-determination expectations of the Indians through sustaining the high priority which is ascribed to Indian manning and management of their own health affairs.

## URBAN

A new and important element of program consideration has evolved in recent years. This is the movement of many Indians from the historic places of residence to urban locations. A new set of problems has evolved for these urban Indians stemming from non-acculturization language barriers, low employment potential and social differences. At this time, a health services delivery system is operated by the Indian Health Service in one city, specifically for the Indians living there; and pilot urban projects, aimed principally at promoting full Indian participation in existing health programs available to all people, are being operated in four cities. Early results from the first of the four pilot projects are encouraging as a fruitful approach to meeting the plaguing problems of urban Indian's health.

## PROGRESS TOWARD GOAL

The health status of American Indians and Alaska Natives has presented this government with challenges unparalleled in the Nation. These challenges are being met, with growing success through proper and timely investments in remedial actions.

New input by consumers and the development of more effective health services delivery methods, together with changes from the circumstances of 1955, account for the profound and enduring progress being made in elevating the health status of Indian people and Alaska Natives. Since 1955, the infant death rate has declined 67 percent; the death rate from gastritis and related diseases has declined 81 percent; the tuberculosis death rate is down 85 percent; the influenza and pneumonia death rate decreased 58 percent; and the death rate from certain diseases of infancy have decreased 66 percent.

One major investment area contributing to improved health status has been in the facilities required to delivery needed, high quality services. Since 1955, 14 new hospitals including Tuba City which is currently under construction, 17 health centers, and 58 field stations have been constructed. Funds have been made available to construct three replacement hospitals at Zuni, New Mexico; Philadelphia, Mississippi; and Owyhee, Nevada; to plan or master plan new, replacement or modernized hospitals at 10 other locations and plan replacement of a health center,

Another major investment area has been health manpower. Since 1955 physicians assigned to the program have increased from 125 to 495 and dentists have increased from 40 to 185. Without this increase in medical personnel the enormous expansion in Indians' demands for services could not be met. It was through the "doctor draft" that the majority of medical staff was obtained in the face of isolated work settings, poor living conditions, and often inadequate physical plants. The doctor draft has ended, and we have set in motion steps to compensate for this loss. The range of steps which have been taken are illustrated by an accelerated, nationwide recruitment effort on the part of the Department and the Indian Health Service; and by the Indian Health Service's extensive use of the health team approach.

Increased acceptance by Indians and Alaska Natives has been a significant trend in the Indian Health Service experience. Since 1955, hospital admissions have more than doubled. During the same period, hospital and field clinic outpatient visits have increased over five times, reflecting emphasis on prevention and early detection and treatment of disease. Almost all Indian babies are now born in hospitals rather than at home. Dental services have more than quadrupled.

Major investments have been made in combating the problems inherent in the rigorous environment which characterizes Indian country, and which contribute, substantially, to disease, suffering and premature death. In almost a decade and a half since the passage of the Sanitation Facilities Act (Public Law 86-121), approximately 50,500 existing Indian and Alaska homes will have been provided new or improved sanitation facilities. In addition, facilities will have been constructed for approximately 40,000 new and improved homes built under Federal or tribal housing programs. Also, a continuing program of consultations and services has been made available to Indian and Alaska Native families and communities to assist them in implementing a comprehensive environmental health program and to maintain a healthful community.

These figures provide firm evidence that this Government's decision to place high priority on investing in health services for Indians and Alaska Natives has been sound and rewarding, and that the health services delivery system has been effective.

## THE CONTINUING CHALLENGE

We can be proud of the progress which has been made toward elevating the health status of Indians and Alaska Natives to the highest possible level. We cannot be satisfied, however. Using almost any accepted health index, the health of these people is still far below national standards, and their health needs significantly exceed those of the general population.

With the noteworthy exceptions of heart disease, malignant neoplasms, vascular lesions and certain diseases of early infancy, the age adjusted death rates for Indians and Alaska Natives are higher than they are for the United States population at large.

Several key statistics illustrate the outstanding deficit in the health status of the Indians and Alaska Natives as against comparable death rates for the nation's general public. The Indian and Alaska Native infant death rate in 1972 was 1.1 times higher than for the U. S. all-races provisional rate: the tuberculosis death rate 3.7 times higher.

## MEETING OF THE CONTINUING CHALLENGE

In the face of sobering statistics, a rapidly increasing Indian and Alaska Native population, and a relentless expansion of demands for health services, the Indian Health Service will extend its efforts to find and apply the most appropriate program methods, approaches and practices so as to achieve the best use of resources. To this end, we shall strive to obtain maximum deployment of resources to the local level. This is where the patients are and where current needs must be met. At the same time, including those recently proposed, we shall continue to provide every possible opportunity for Indians and Alaska Natives to participate in the self-determination process and to assign high priority to being responsive to their wishes to man and manage their own health programs.

The matrix of Indian affairs is changing in ways that provide unparalleled opportunities for the improvement of the health status of the Indian and Alaska Native peoples. These opportunities pertain to health status compared to other Americans; the opportunity to determine, as other local American communities determine, the policies and direction of their own health affairs, together with the ways and means of managing the resources which support their community health services systems.

The Indian Health Service must assist these people to take advantage of opportunities which are in view, to the extent they want to. The Service will do so, within the limits of its ability to do so, as determined by its authorities, resources, and programs. We will strive to support the best, most pertinent health services delivery systems we can. We will strive to encourage Indian and Alaska Native people to become fully aware of health programs such as Medicare which they, as citizens, are entitled to participate in on the same basis as all others in the general population who qualify. We shall strive to encourage the people to fully use such programs in these cases where they can feasibly reach non-Federal health facilities where such entitlement can be exercised. We shall seek, within our authorities, to respond to the Indians' and Alaska Natives' desire for feasible options for local control of the process of converting Federal Indian health resources into systems of health services and benefits.

### APPROPRIATION REQUEST FOR 1974-75

Dr. JOHNSON. I am glad to come before the committee with what I believe is a very positive and very responsible appropriation request. As you know, we have asked the committee for a supplemental appropriation for this current fiscal year. We will leave this on the record.

Last year I came before this committee to talk about a recision and this year we come before this committee to happily report to you that all of the moneys that the Congress appropriated last year has been made available to us for expenditure, and was done in a timely fashion.

We have a supplemental request for you which addressed the really critical issues of contract patient care and ambulatory care. Those things you were talking about.

Mrs. HANSEN. The traditional services and not merely an escalation of cost.

Dr. JOHNSON. Madam Chairman, in all honesty, of course, a portion of this request does address itself to escalation of costs and we can sort that out for you in detail. Mr. Chadwick has the figures and can show you the difference between them, but the intent was clearly to make a significant impact on the backlogs of service and bring things up to standard. It does that to some significant degree, but clearly in the last several months from the time the budget went in we have had significant escalations of cost—fuel, food, and things like that—so there is some erosion.

We would be less than candid not to refer to that.

### SUPPORT BY ADMINISTRATION OF IHS PROGRAMS

What I wanted to share with you was the really honest intent of the administration in this instance to move forward, to get off of this idea of trying to maintain levels of programs.

We have talked for a number of years about trying to meet 60 or 70 percent of the need and in a sense being satisfied with that in the broader administration status. That is no longer the position. I think Dr. Edwards' being here today and sharing with you his concern, and the things he is trying to do and Mr. Buzzell, who has also been with us to the reservation, show that now for the first time people from the higher levels of the department have actually been there. They have been there as you have, and they are convinced that this is a real world out there and it must be responded to. We must make the investment necessary in developing health programs.

Mrs. HANSEN. You couldn't stay level.

Dr. JOHNSON. And in all fairness this budget proposes to do that and will to a reasonable degree move us in a positive direction.

### RECRUITMENT OF DOCTORS

Mr. YATES. Madam Chairman, there is a policy question I wanted to ask Dr. Edwards.

A few days ago you pointed out the fact that doctors who had wanted to enter public service were a thing of the past.

Mrs. HANSEN. He discussed that out just a few minutes ago.

Mr. YATES. I wondered whether Dr. Edwards had discussed how they propose to persuade doctors to serve the Indian tribes.

Dr. EDWARDS. I can briefly make a couple of points.

Yesterday Congressman Stratton and his subcommittee of the Armed Forces Committee included the Public Health Service in the physician bonus. This may not sound too important, but it is vitally important to us. Our whole future depends upon getting this bonus. That, along with a stepped-up recruiting program, I think will have a significant effect.

In addition to that we are, in our 1975 budget, stepping up our scholarship program from $3.5 million to $22.5 million. We have had an unusually good response to that.

Mr. YATES. PHS programs.

Dr. EDWARDS. Yes.

Mr. YATES. Does this mean you will give them a commission in the PHS?

Dr. JOHNSON. Under the scholarship bill they are not in fact commissioned, but they are given a stipend for their books and tuition when they go to medical school. Then they are commissioned upon graduation. They have a payback requirement, a minimum of 2 years. They would have a payback obligation to come in and serve in one of the Public Health Service programs.

Mr. YATES. For how long?

Dr. JOHNSON. A minimum of 2 years and a maximum of 4 years, depending on the number of years they were supported in the scholarship program.

Mr. YATES. How do you keep them after their service?

Mrs. HANSEN. They need better employee housing, and to provide recreation facilities for the families.

Mr. YATES. I was at Grand Canyon National Park last summer. They have a beautiful hospital there. The doctor was completing his time of service and they couldn't get another doctor to serve. They had the most modern medical facilities and couldn't get a doctor to use them.

Dr. Edwards talks about the bonus. How persuasive will the bonus be in putting a doctor into that kind of a situation?

## SUPPORT FOR THE PHS COMMISSIONED CORPS

Dr. EDWARDS. Well, of course, the bonus isn't the whole answer. I think it is the answer in terms of at least getting the young fellow initially.

It is not just this administration, but for a number of years we have been playing games with the Commissioned Corps. One day it is in favor and the next day it isn't in favor.

I happen to believe, and I hope we are established in a course now to do everything we can to strengthen the Commissioned Corps and continue it as a very viable personnel system within the Federal Government.

Mr. YATES. Does Secretary Weinberger agree with you?

Dr. EDWARDS. Yes.

When Elliot Richardson was Secretary, he had a group come in and do a study and like a lot of groups that don't fully understand all of the issues, they recommended that it be done away with and that we have one single personnel system in the Public Health Service.

Like a lot of things that sounds good on paper, but it doesn't work. We have to have some kind of—call it a Commissioned Corps, call it whatever you want to call it, but nevertheless the Commissioned Corps performs a function for the Public Health Service that the civilian system just does not perform.

Mr. YATES. I agree with that.

As Mrs. Hansen pointed out so cogently the other day in the hearing, nothing is more important than health for the Indians and for many other groups in the country and a system of Public Health Service doctors is necessary, or doctors willing to serve in other than urban areas.

Dr. EDWARDS. We can't expect them to stay in it when they don't know from da[illegible] day it will continue to exist.

Mr. YATES. And what about the hospitals? The administration has been requesting that the PHS hospitals be closed. Is that still the viewpoint?

Dr. EDWARDS. There are certainly those in the administration who still have that viewpoint. I happen to personally believe we have made a commitment to the Congress at this point in time and we now have to look at these Public Health Service hospitals. That doesn't mean that there may be hospitals that should not be phased out.

Mrs. HANSEN. Will the gentleman yield a moment?

In Seattle you have a Public Health Service hospital and you also have a group of Indians there who are trying to improve health programs. Why isn't it feasible to use a Public Health Service hospital in Seattle with whatever bed space, or whatever outpatient space is available and use it as a reservoir for these Indian people who are struggling with this problem?

My guess is you would have the same situation in San Francisco. Isn't that true?

Dr. EDWARDS. Yes, to a degree. Not to the same degree, but we certainly would have.

Mrs. HANSEN. I talked to many Members of Congress who are most interested in this possibility. People don't want to see tax money wasted. It seems logical where we have an Indian population that needs service, to utilize whatever underuse there is in a hospital facility by providing this to the Indian population.

Dr. EDWARDS. I think it is a myth, as a matter of fact, that we have been wasting money in the Public Health Service hospitals. I think they have probably been providing health services about as cheaply as any other mechanism.

Mr. YATES. There is no question about that.

Dr. EDWARDS. I am certain we are providing services cheaper than could be had through a contract mechanism.

Mrs. HANSEN. I think the figures in your budget are an example.

### PSA STUDY OF PUBLIC HEALTH SERVICE HOSPITALS

Dr. EDWARDS. Mr. Buzzell and his group are doing—and they should be about finished, as a matter of fact—a major study of our remaining Public Health Service hospitals. They are looking at each of the hospitals in terms of the environments in which they operate to determine how they can best fit into the total health care system of a particular area.

Mr. YATES. There are a number of veterans hospital beds that are not occupied. Can they be used?

Dr. EDWARDS. It is strictly Veterans' Administration, but we have close liaison with them.

Mr. YATES. Is my information wrong or are there hospitals with——

Mrs. HANSEN. They vary from time to time.

Dr. EDWARDS. They vary considerably and there are some who maintain a higher occupancy rate than others.

### CONSTRUCTION OF REPLACEMENT IHS HOSPITALS

Mr. YATES. Will you be asking for funds to construct hospital facilities for the Indians?

Dr. EDWARDS. We are asking for some funds for several facilities that Dr. Johnson can go into.

One of the things that has impressed me in my visits with the Indians is that even with modern transportation they are too far away from communities with good hospital facilities. There are certain basic facilities you have to have on these reservations.

Mr. YATES. Do they have them now?

Mrs. HANSEN. No.

Dr. EDWARDS. Not of the caliber and quality that some of us would like to see.

Mr. YATES. How do you propose to approach it in this budget?

Mrs. HANSEN. You provide construction funds.

Mr. YATES. Is that adequate?

### BACKLOG OF INDIAN HEALTH SERVICE CONSTRUCTION

Mrs. HANSEN. It is not adequate. What is the backlog on Indian construction, Mr. Chadwick, as of today?

Mr. CHADWICK. At today's prices, Madam Chairman, the backlog is $370 million.

Mr. MCKAY. Madam Chairman, there is another problem with this adequacy of building. Because of the distances involved in the location, if you build a hospital on the Navajo Reservation, some of those people would still be 40 or 50 miles away from that facility. Either that or you need mobile clinics of some kind.

Mrs. HANSEN. Does the backlog include outpatient facilities?

Mr. CHADWICK. That is everything.

### STATUS OF PLANS FOR IHS HOSPITALS

Mrs. HANSEN. How many hospital construction plans do you have ready?

Dr. JOHNSON. In fiscal year 1975 we have—I will have to check them off on my fingers. I can tell them easier that way.

Santa Fe would be ready to go. Acoma-Laguna-Canoncito would be ready to go. Obviously Claremore is ready to go because we have it in the budget. We have a major modernization at Shiprock that would be ready to go. We have planning going for Whiteriver. That would be ready to go.

Those are the major ones that would be ready right now.

Mr. CHADWICK. In addition, we are in the process of awarding contracts for Philadelphia, Owyhee, and Zuni.

### ADVISABILITY OF ACCELERATING CONSTRUCTION OF INDIAN HEALTH SERVICE HOSPITALS TO ALLEVIATE UNEMPLOYMENT

Mrs. HANSEN. The reason I asked the question is that the other day before the full committee Arthur Burns made the statement that public works projects—I think he was using it in the narrowest concept—was not a good way to alleviate unemployment.

I talked to him afterward and said I think we should broaden the concept of public works projects. I think it should include those facilities in the Federal Government which have been desired and are part of a meaningful, needed program.

He said that there were very few projects for which plans have been completed.

I have been trying to determine from the various agencies appearing before us the number of plans that are ready.

It seems to me when we are confronted with employment crises at various times and rather than make-work proposals it would be more sensible to actually build some of these Indian hospitals for which the plans have already been completed. There are also many construction plans for needed facilities that have been on the drawing board for a long time, in the Forest Service and the other agencies.

I am trying to develop some information for the Federal Government that will be meaningful, in the agencies at least which we handle, so we can say to the White House: "Mr. President, here is a long list of facilities that could be built as of now if they were given money, and in areas of high unemployment."

As you are well aware, some of the unemployment is very critical around some of these areas where we have needed construction. Please proceed, Dr. Johnson with your statement.

### COORDINATION BETWEEN INDIAN HEALTH SERVICE AND OTHER PUBLIC HEALTH SERVICE HOSPITALS

Dr. JOHNSON. We have been working with the Federal Health Programs Service since the bill was passed mandating the continuation of those hospitals. As a matter of fact, I have somebody on my staff who is basically assigned to working with them and they have been meeting with the groups in Seattle and San Francisco. Just a couple weeks ago they were in New Orleans and Galveston meeting with the hospital people, our own staff, and with the Indian communities.

I believe we are finding some very effective ways that we can mesh the two programs that will be not only useful in terms of the workloads of the hospital and the cost effectiveness of those hospitals, but it will also help us to take another bite out of our backlog of unmet needs.

I believe we are moving rapidly in the very direction that you are suggesting.

Back to the basic budget. As I pointed out, we do have some significant items in the budget this year. Before I go into that directly, perhaps we might just spend a very few minutes pointing out where we are in terms of the status of the programs.

Mrs. HANSEN. You usually have some very good charts for the committee.

### PROGRAM ACCOMPLISHMENTS

Dr. JOHNSON. We just happen to have some charts.

In the final analysis a program is successful only if the end product of the function is actually being accomplished. That means health improvement of Indian people. That is what the whole thing is about. It is not how many times we flapped our wings, but did the bird get to where he was going. I have a chart here which lists our program accomplishments.

[The chart follows:]

PROGRAM ACCOMPLISHMENTS

| | *Percent decrease* |
|---|---|
| **Health Improvement—calendar year 1955–1972:** | |
| **Death rates:** | |
| **Infants** | 67 |
| **Under 28 days** | 58 |
| **28 days to 11 months** | 72 |
| **Maternal** | 54 |
| **Influenza and pneumonia** | 58 |
| **Certain diseases of early infancy** | 66 |
| **Tuberculosis, all forms** | 85 |
| **Gastritis, et cetera** | 81 |
| **Congenital malformations** | 52 |
| **Incidence rates:** | |
| **New active tuberculosis cases** | 61 |
| **Trachoma** | 64 |
| **Increased use of service—fiscal year 1955–1973:** | |
| **Hospital admissions** | 104 |
| **Women provided family planning services** | 79 |
| **Outpatient visits** | 412 |
| **Dental services** | 379 |

Dr. JOHNSON. There are a number of significant health improvements. At the bottom we talk about the increased use of services, which has another element for us, one of acceptance.

Mrs. HANSEN. Will you insert in the record at this point a listing of your apppropriation from 1955 to 1972.

Dr. JOHNSON. We have to be careful, Madam Chairman, not to claim total credit for the program for the health improvement. We have discussed a number of times the fact that health in the community and health in the individual are involved in the whole series of social, economic, and educational activities. It would be unfortunate for us to appear to claim that all these accomplishments are due just the program.

[The information follows:]

*Indian Health Services Appropriation History 1955–72*

| Year: | Amount | Year: | Amount |
|---|---|---|---|
| 1955 | $24, 549, 125 | 1964 | $58, 960, 750 |
| 1956 | 34, 990, 000 | 1965 | 62, 940, 000 |
| 1957 | 38, 775, 000 | 1966 | 67, 548, 000 |
| 1958 | 40, 775, 000 | 1967 | 75, 536, 000 |
| 1959 | 42, 327, 000 | 1968 | 84, 862, 000 |
| 1960 | 45, 700, 000 | 1969 | 94, 350, 000 |
| 1961 | 50, 271, 000 | 1970 | 107, 724, 000 |
| 1962 | 53, 010, 000 | 1971 | 125, 974, 000 |
| 1963 | 56, 836, 250 | 1972 | 155, 333, 000 |

Mr. JOHNSON. I think that we were a necessary part of these health improvements but I don't think we are the total part of it.

There are some statistics we might talk about. Dr. Edwards and I have talked about these budget items. I want you to know we can talk to the administration very frankly about problems.

Mr. YATES. On what level?

NEED FOR PREVENTIVE PROGRAMS

Dr. JOHNSON. At the level of Dr. Edwards and myself, at least. That is the only level I can talk to.

If you are not careful in budgeting a health program, you can get yourself to the point where the application of the resources against the job that has to be done requires you to make very serious compromises in setting priorities.

We do this not just in this program, but I think we have examples in the general sector where, when things get tight, you stop your preventative activities. If you are a doctor in a hospital and you have so many things to do, the last thing you are going to give up doing is treating the patient who comes to the door bleeding and in pain. You don't set those people aside to address the preventive issue. When you get into a tight budget proposition, the first thing that gets dropped by the board is those preventive things. It is pennywise and pound foolish, but you can't turn your back on the sick and suffering.

To a degree our process has identified those kinds of cycles within the program. I can go back over the years and show you where, when we got into one of those cycles, we set in motion a burgeoning of otherwise preventable diseases that came to haunt us, 2, 3, 4, 5 years down the line.

For example, in the general sector—I am sure Dr. Edwards would agree with this—we have venereal disease control where we said "We have solved the problem. Let's not fool around with supporting venereal disease control."

So you stop your venereal disease control programs and the next thing we have a venereal disease epidemic in this country.

The same thing can happen with tuberculosis and the immunization of kids. We stopped worrying about immunizing for measles, diphtheria and so on and we have kids dying and becoming crippled for life because of the residuals from this.

I think it is terribly important that you handle this in a responsive way, that you don't go through these cycles of one crisis after another. To save a dime here that will cost you dollars and dollars in the future.

### STEADY IMPROVEMENT IN HEALTH STATUS

Mrs. HANSEN. That is why we have an energy crisis.

Dr. JOHNSON. This has gotten me off from the basic question but in spite of these cycles, Madam Chairman, I think we have been able to show a relatively steady improvement in health status over the years.

You will see on our charts some elevations. We can go back and take one of those elevations and pursue what had happened in the year, 2 or 3 before that. We get into personnel ceilings and things like that and you sort of pull in your field program to take care of these critical patients and a year or 2 or 3 later you see the results of that.

The program on chart 1 is a summary.

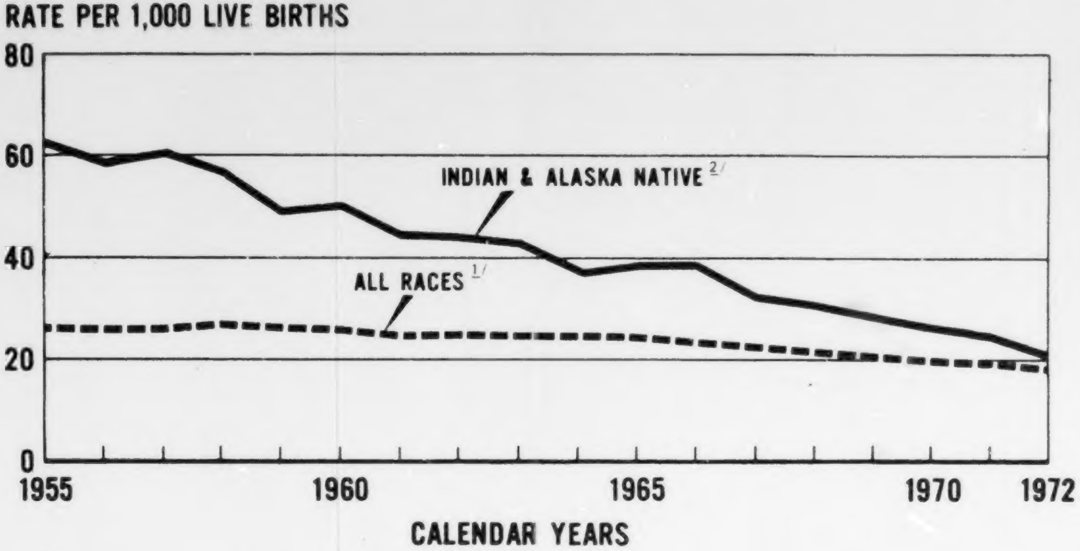
### INDIAN INFANT DEATH RATES

Dr. JOHNSON. Chart 2 shows the Indian infant death rates.

[The chart follows:]

# INFANT DEATH RATES

## INDIAN AND ALASKA NATIVE, AND U.S. ALL RACES



1/ PROVISIONAL, MONTHLY VITAL STATISTIC REPORTS, NCHS VOL. 21, NO. 13 1970, 1971, 1972

2/ ESTIMATED 1969, 1970.

Dr. JOHNSON. We can argue how significant infant death rates are as a measure of health care. Some argue that it has to do with social and economic status and all that, which it obviously does.

There are good things happening on Indian reservations and in Indian communities over the years.

I am sure this does measure social, economic and other changes as well as health services.

Here we can see a very, very significant and continuing decline in the mortality of Indian infants.

We are down now where those lines at the far right are just about meeting.

Not shown on this chart, but I think of significance, is that we are now dealing with pockets of infant mortality problems. In many Indian communities infant mortality is as low as or lower than the infant mortality in the general population.

Mrs. HANSEN. What are your major pockets still remaining?

Dr. JOHNSON. The Navajo Reservation continues to have problems and I think, having been there as you have, Madam Chairman, it is obvious what the whole combination of factors is.

In some of the areas in the bush of Alaska—and again for very obvious reasons—some smaller tribes, such as the White Mountain Apache Tribe in Arizona where—I might just mention that one in passing.

Mrs. HANSEN. They have been in to talk to me about their problems.

Dr. JOHNSON. We can do something about this. Much of the infant mortality in the Indian community is preventable.

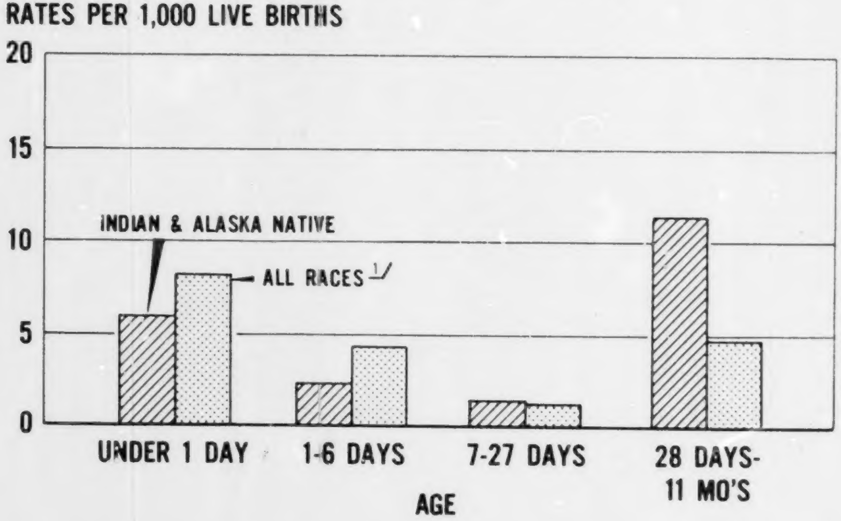
INFANT DEATH RATES BY AGE

Dr. JOHNSON. Referring to chart 3, we see the infant death rates by age at death.

[The chart follows:]

## INFANT DEATH RATES BY AGE AT DEATH

### INDIAN AND ALASKA NATIVE, AND U.S. ALL RACES
### CALENDAR YEAR 1972



1/ ALL RACES RATES ARE ESTIMATED EXCEPT 28 DAYS - 11 MONTHS WHICH IS PROVISIONAL. MONTHLY VITAL STATISTICS REPORT, NCHS, VOL. 21, NO. 13.

Dr. JOHNSON. You will see under one day the deaths of Indians and Alaskan Natives is less than the general population. At 1 to 6 days it is less. The rest of that first month of life is just about the same.

It is not until you get in the last 11 months that that excess mortality takes place.

Mrs. HANSEN. Is this related to undernutrition, lack of housing, lack of sanitation facilities, and the genuine lack of knowledge of how to care for youngsters?

Dr. JOHNSON. It is the environment into which they have to go. The problems of nutrition, the housing, all of the things that are community problems.

### INADEQUACY OF HEALTH EDUCATION IN SCHOOLS

Mrs. HANSEN. The Office of Indian Education and the BIA have already testified in regard to their fiscal year 1975 budget. I think the educational system they provide fails us in the training of young women. In the average school there is not enough emphasis on just the basic elements of home management, cleanliness, the nutrition, child care and the general, total sum of being a mother.

Dr. JOHNSON. I would agree with that.

Mrs. HANSEN. I agree that mathematics and English are very important but there are some other things that are part of the total education system.

Dr. JOHNSON. I wouldn't want to limit this to just the girls in the school. The health education component of the school system is a terribly critical one. I think it is one that has been largely ignored. Not only in the Indian schools, but, I would suggest to you, in schools in general.

I guess in my moving around the country there was only one place I have ever lived where my kids had any idea there was something called health education in the curriculum—and it is not here, by the way.

Of course, this is one of the things that the administration is vitally concerned about in looking at and finding ways of improving our health education in the country as a whole.

Many things are avoidable. If the people simply knew how to avoid it and handle simple problems, it would be all right.

We are hoping in working with the new leadership in the Bureau that we can begin to put together in a systematic way this kind of impact within the school system. It is perfectly obvious we have had extraordinary difficulty in the last year or two really to come to grips in that kind of relationship. I think now we are looking forward to having something happen.

### EDUCATION AS A TOOL IN PREVENTING SOCIAL AND HEALTH PROBLEMS

Mr. MCKAY. I think you are absolutely right—and this refers back to your preventive situation again. As you look at most of our social problems, it is welfare, runaways, divorces, child abuse and it all relates back to the family education and it relates to both the man and the woman in the educational process and you are not teaching them in the Anglo schools or in the Indian schools how to relate in a social way to some of the everyday problems the chairman refers to.

If that becomes a vital part, they will begin to know how to react and interact in their basic needs which will revert back to health.

Dr. EDWARDS. Our whole health budget reflects what you say. It is categorically oriented toward disease and at some point in time we have to get some balance between disease orientation versus prevention. I mean in terms of big dollars, not just token dollars.

Mr. McKAY. I was teaching in a secondary school in the ninth grade level, 13- or 14-year-olds. I taught a social problems class. A lot of these kids were dropping out to get married. They were really running away from home because they had a bad condition at home. We had a little scandal with welfare problems where we were giving commodities and they were being thrown away.

We made it a requirement that anyone who received commodities would have to attend a course at the school to talk about cooking, nutrition and how to use it. After having that going for several months, there was no more problem. They weren't throwing away the rice, flour, and cheese because they had learned how to use it.

### NEED FOR EMPHASIS ON NUTRITION EDUCATION

Mrs. HANSEN. Dr. Edwards, food stamps are helpful but unless you know how to buy and how to cook the food products, you have not solved the problem.

Every welfare department in the United States is short of home economists, nutritionists, and health people who will teach the average family how to manage these problems.

Eventually when they learn to manage those problems, they find they can manage other problems.

Many working mothers do not get home at night until about 9 o'clock. The youngsters get home from their day school and there is no one there to fix a meal for them and the school was providing a glass of milk and a cracker or something about 4 o'clock.

I suggested that they give them something warm at night before they started off for home so at least they would have one warm meal.

This is a typical problem that you just run into in various segments of this country.

I was in a store in a beach community in my district and a woman came in with food stamps. What do you suppose she bought? Meat loaf and television dinners. For about a third of the price of the frozen television dinners she could have had everything on that plate.

Dr. EDWARDS. More and more of our food supplies are being fabricated and we will have more of this.

Mrs. HANSEN. It is a very difficult problem even for skillful homemakers.

What do you think the problem is of people who haven't any idea what to do?

Dr. EDWARDS. I can't let this opportunity go by without saying that I think one of the great accomplishments of the Food and Drug Administration over the last 25 or 30 years has been the establishment of nutritional guidelines. Not that that is going to solve the problem in and by itself, but it is a major step in the nutrition field.

### COMPARISON OF CURRENT INFANT MORTALITY TO 6 YEARS AGO

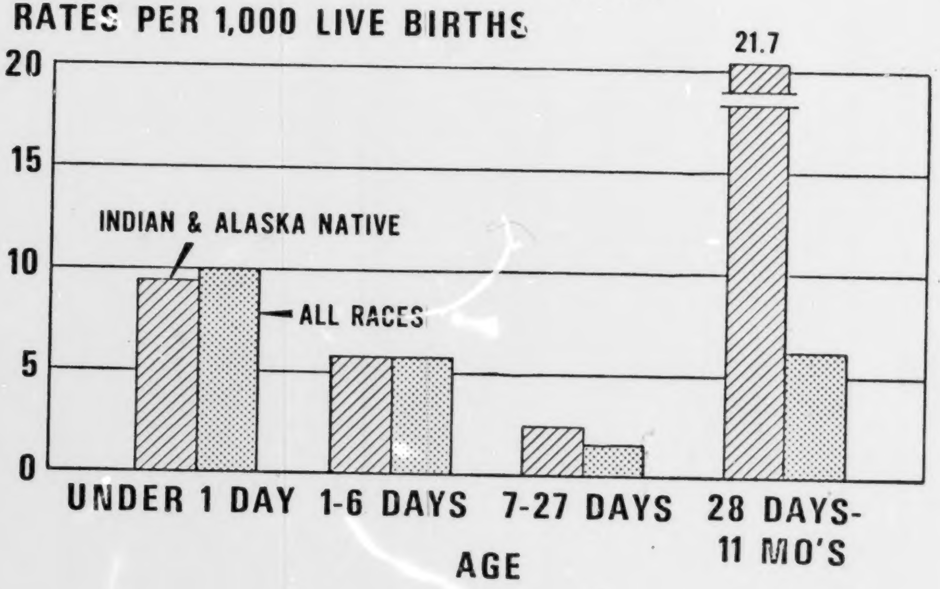
Dr. JOHNSON. As we looked at that last chart with the almost double infant death rate in that last month, we ought to look back really over the last 6 years. I have noted here in 1966 that line that is now about 11 would have been off this chart, up at almost 22.

Mrs. HANSEN. Please insert a copy of that chart for calendar year 1966. You know sometimes I think the Health Service does not impress upon the public how far we have come over the years.

[The chart follows:]

# INFANT DEATH RATES BY AGE AT DEATH

## INDIAN AND ALASKA NATIVE, AND U.S. ALL RACES
## CALENDAR YEAR 1966



Dr. JOHNSON. I think it is very important to realize we don't have to put up with these excesses in disease morbidity and mortality. The systems are available and the communities are ready, willing and able to respond to these types of things. I think the concern we have had and that we have shared with this committee many times is that we simply must be in a position to respond to that desire and that need and that readiness that the community has to move forward. I think it would be a tragic opportunity to miss.

We hear so many things in Indian communities that are negative and are failures and so forth.

I think we pass over the fact that some very fine, significant progress is being made. I think the charts we show you give you an example that, you know, we have had successes. We do know how, and the Indian communities know how, to address many of these problems.

Our problem now, it seems to me, is to keep up this initiative, keep this momentum going, or we will end up in future years again having to pick up pieces and having to reinvest.

I think the whole strategy of the budget we have before you, Madam Chairman, has been one of really trying to come to grips with that, saying we must keep the pressure on in the investment of the resource and the opportunity for Indian communities to move forward, not to let it drift.

Mrs. HANSEN. In other words, continuing progress.

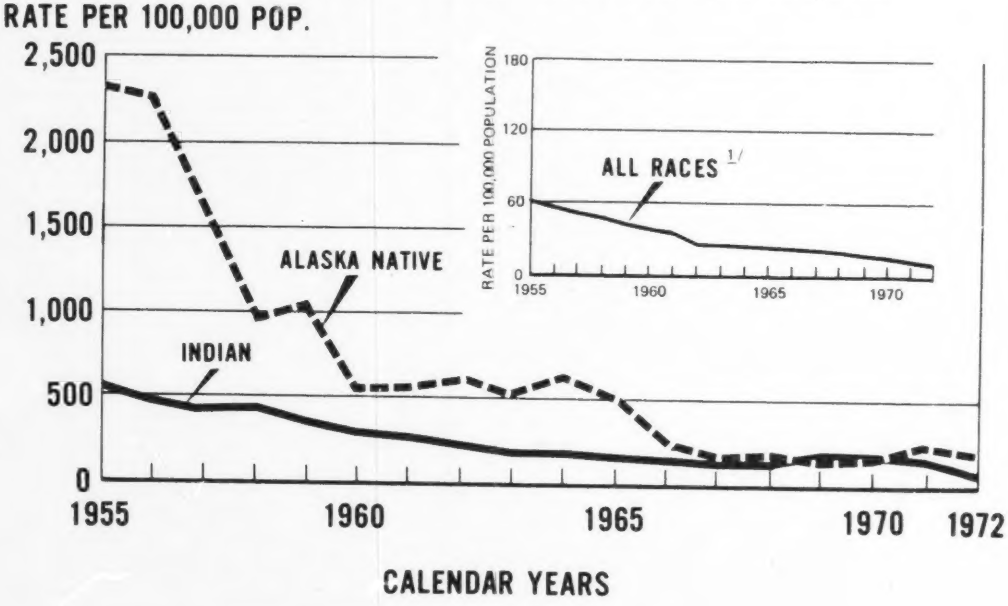
Dr. JOHNSON. Continuing progress is what we have to have.

### HISTORY AND STATUS OF TUBERCULOSIS PROBLEM

Dr. JOHNSON. Charts 4 and 5 bring in the old tuberculosis problem. There has never been a tuberculosis epidemic greater than the one that we found when we took over this program in 1955. There had never been a documented one in the world greater than the tuberculosis epidemic we found among the Indians and Alaska Natives.

[The charts follow:]

## INCIDENCE RATES FOR TUBERCULOSIS
### INDIAN, ALASKA NATIVE, AND U.S. ALL RACES



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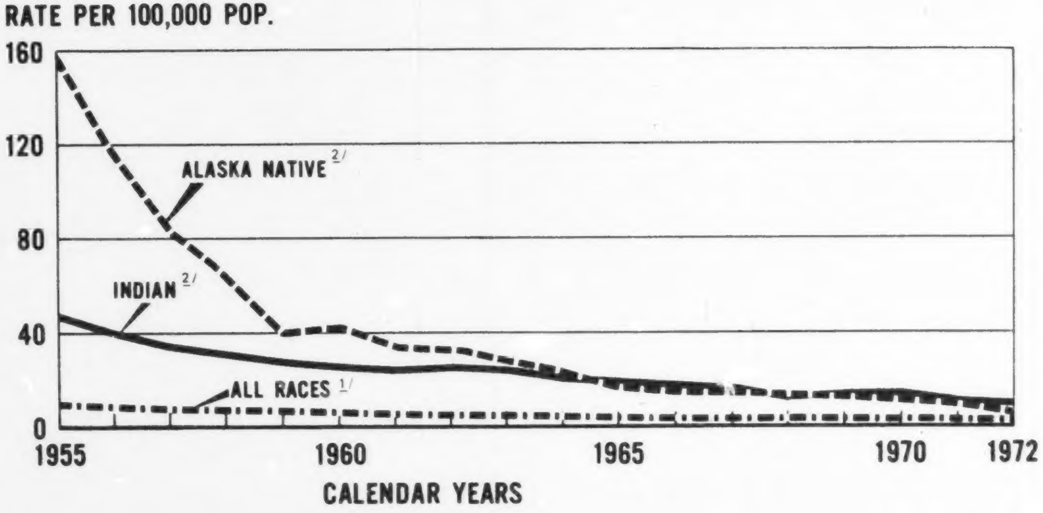
1/ PROVISIONAL, MORBIDITY AND MORTALITY, CDC, VOL. 21 NO. 53. 1972.

# TUBERCULOSIS DEATH RATES *

## INDIAN, ALASKA NATIVE, AND U.S. ALL RACES



*INDIAN AND ALASKA NATIVE RATES ARE BASED ON 3-YEAR MOVING AVERAGE THRU 1971. ALL OTHER RATES ARE BASED ON SINGLE YEAR DATA.

1/ PROVISIONAL MONTHLY VITAL STATISTICS REPORT, NCHS VOL. 21, NO. 13, 1970, 1971, 1972.

2/ ESTIMATED 1970.

Mr. YATES. What was the reason for that epidemic?

Dr. JOHNSON. Tuberculosis was introduced into the Indian communities relatively late. You know, tuberculosis has been a common disease in the world.

Mr. YATES. It was called consumption then.

Dr. JOHNSON. You can find Egyptian mummies thousands of years ago with recognizable tuberculosis lesions.

It appears the Americas were a virgin territory for tuberculosis, they were for many other diseases. Smallpox, for example, is another thing introduced into this country by the European settlers and it just decimated major Indian populations. They didn't have a chance to build up whatever resistance and immunity you might get, though immunity to tuberculosis is minor.

The problems of crowding as you can imagine in Alaska with small homes and even the sod huts they lived in not too many years ago, there was almost no Native Alaska family that was not personally involved in the tuberculosis epidemic.

Mr. YATES. They still have the same conditions probably, don't they?

Dr. JOHNSON. Yes, but we have some things we can do about it. One is we have some drugs. There are new drugs for tuberculosis. With a control program where you go in and find out who has been exposed, who has the organisms and you treat them, and you can eradicate the infectiousness of the disease and really wipe it out.

Last fall I was in Anchorage for a celebration where we celebrated the closure of the last tuberculosis service in the Alaska Native Health Service. It was put on by the Alaska Federation of Natives Health Board. They brought people from all over the State for this celebration.

The stories were told of people who had lived through this epidemic, the family, the friends, not only the deaths, but having fathers and mothers removed from the homes for years while the children were growing up, the decimation of a whole generation, or more than a generation, of Alaska Native people which has now basically come to an end.

Now, let's put the caution up. The reservoir of disease organisms still remains and it will remain until that generation which was infected by tuberculosis has in fact passed from the scene. They are still harboring organisms and it won't be until they pass from this Earth that that reservoir of potential disease is going to be gone.

To give you a dimension of this problem, in about the late forties or early fifties by the time a school kid at age 5 or 6 was going to school, about 85 percent of those kids had already had a positive tuberculin test which meant that they had in fact been infected by an active tuberculosis organism. Eighty-five percent by the time they got to school.

Mr. YATES. All of us had that infection when we grew up—all in my age bracket. I have an old positive lesion in my lungs now. The kids were crowded with their parents when the immigrants came over. So the fact that you do have this positive test, what does that indicate?

It means there has been an exposure but it doesn't necessarily mean the person has been sick.

Dr. JOHNSON. You don't have to be sick but you have had the disease if you have a positive tuberculin.

Mr. YATES. Don't you build an immunity?

Dr. JOHNSON. There is some modest immunity but it is not all that great.

The point I was trying to raise is that that indicated just a fantastic seeding of that population.

It is now 20 years later. Now, what is the story? We are down to the neighborhood of about 2 percent of these kids and in some areas in Alaska we are down to a fraction of 1 percent of the kids who have a positive tuberculin.

Mr. YATES. Does vaccination help combat this disease?

Dr. JOHNSON. It hasn't been effective in the population we work with. The point is, the group that has the high tuberculosis incidence is up in the 1920's. We are developing an entirely new generation that will have minimal tuberculosis infection and, as that becomes the dominant population, you see, then your opportunity for exposure to infection is simply going down and down and down. Eventually if everything works out, all the folks that harbor the disease will pass from the scene and then you in theory would end up having eradicated it.

The thing that we have to remember here is that we can't stop being concerned about tuberculosis just because this rate is going down. That reservoir of infectious disease is still there and will be with us for a good many years.

### NEED TO CONTINUE TB PROGRAM

Mrs. HANSEN. In our part of the country many of the full-blooded Indians had little difficulties but when they intermarried with certain groups then the susceptibility arose. It was tremendous apparently. I have seen whole families wiped out. No one could explain it at that time.

Mr. McKAY. The point you make is that there has to be a continuing program. In my State we were ready to celebrate the first tuberculosis-free State and assumed, you know—well then they let down the bars and people came drifting through and the next thing you know we had a whole series of it all over again. It has to be a constant cycle of review and testing and stay with it.

Dr. JOHNSON. Utah is really a classic example of this. You had the lowest tuberculosis rates of any place in the United States and it was to the point of saying it was eradicated, almost.

Mr. McKAY. We closed down our sanitarium. Then all of a sudden you have people in the jails and people drifting in and out and no attention was paid and no preventive testing and it all exploded again.

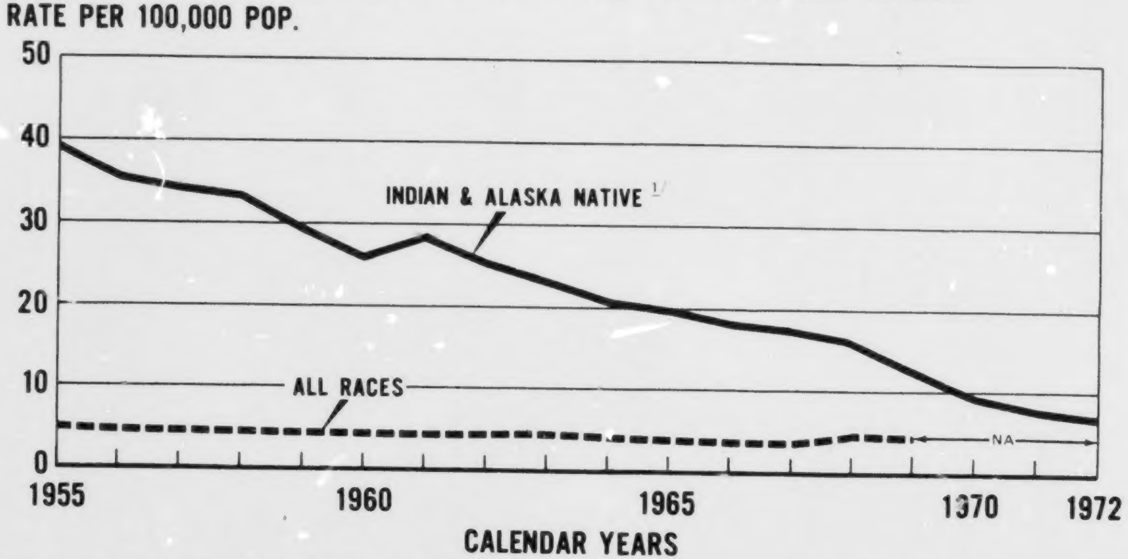
### CONTINUING DECREASE IN GASTROENTRIC DEATH RATES

Dr. JOHNSON. Chart No. 6 mirrors the same sort of thing we have been talking about.

[The chart follows:]

# GASTROENTERIC DEATH RATES*

## INDIAN AND ALASKA NATIVE, AND U.S. ALL RACES



*INDIAN AND ALASKA NATIVE RATES BASED ON 3-YEAR MOVING AVERAGE THRU 1971. ALL OTHER RATES BASED ON SINGLE YEAR DATA.

1/ ESTIMATED 1970.
NA NOT AVAILABLE

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Dr. **Johnson**. In this one we could take some reasonable credit for improved housing, sanitation and environmental situations on the reservation. Again you see a decisive drop and a steady one with some cycles back and forth over time.

Actually all of these that we have given you as index cases are ones that I think have rather broad implications to them. It is not just doctors and nurses, you know, doing their thing. It is something that really mirrors what has happened in the community.

The health education, the public health nursing in the field, the health education activities, sanitarians and so forth. I think all these things we are sharing with you are things that physicians don't take full credit for having solved.

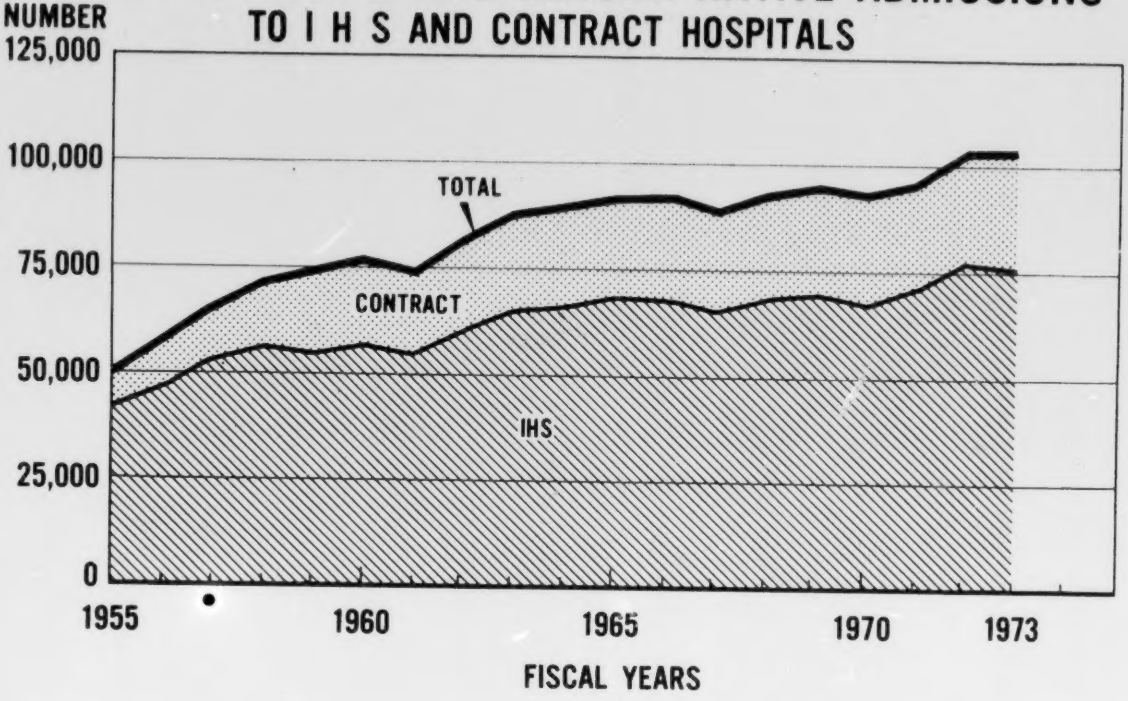
### GROWING ACCEPTANCE BY INDIANS OF THE HEALTH PROGRAM

This shows you a measure of the acceptance of the program on the part of Indian communities. The fact that the medical program is looked upon as something that is valuable, that has something to offer. It is worthwhile taking your kids to see the doctor in spite of the long lines and in spite of our inability to do all the things we know must be done.

They still are coming. We can see the admissions in chart 7 in the hospitals have continued to go up not at a terribly great rate, but they still continue to respond. That partly is due to two or three things: Population, of course, has increased. The things that one can do, the sophistication of medical care and so forth mirrors that.

[The chart follows:]

# NUMBER OF INDIAN AND ALASKA NATIVE ADMISSIONS
## TO I H S AND CONTRACT HOSPITALS

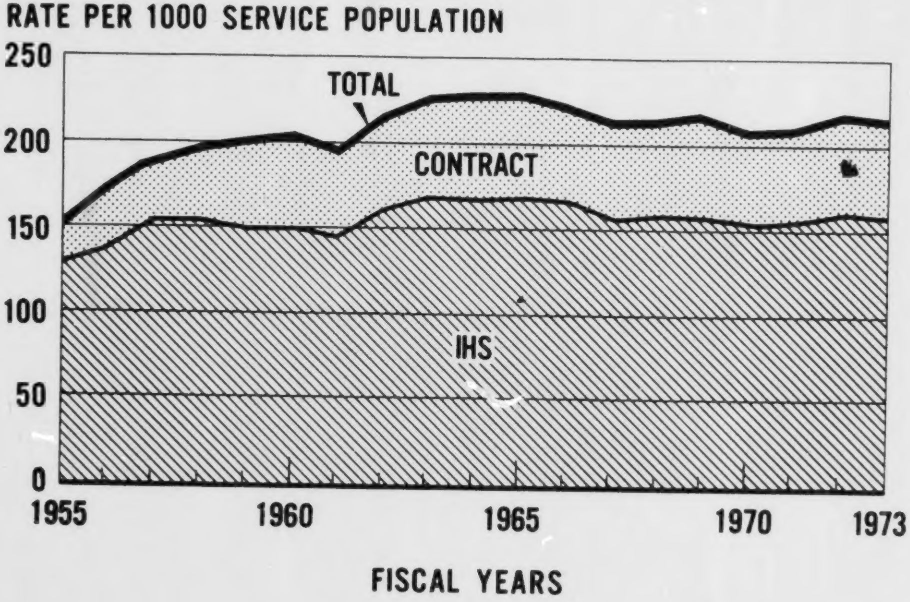


### HOSPITAL UTILIZATION

Dr. Johnson. Chart 8, used with chart 7, showing utilization, shares with you a position that we have. We see the utilization rate reach its peak about 1964 or 1965. Since that time it has been fluctuating back and forth, staying relatively at the same level.

[The chart follows:]

# HOSPITAL UTILIZATION RATE
## INDIAN & ALASKA NATIVE



Dr. JOHNSON. We would expect that to continue for a reasonable period of time and then it should be dropping off a bit.

The utilization rate in the general population would be down around 140, 150, something like that. So there is a greater burden of illness requiring hospitalization remaining in the Indian communities. That burden is beginning to level out and we should, over the next number of years, begin to see the utilization rate dropping back to the level of the general population.

### OUTPATIENT VISITS

Another significant thing is shown in chart 9 where we look at the outpatient visits. Here you see something I have talked about earlier about what happens when you don't have sufficient resources. You look back to 1955 when this program started in the Indian Health Service.

Most of your limited resources were in hospitals, the bricks and mortar and the acute care and everybody sitting in the centers waiting for patients to come. Very, very little was going on out in the field. That is where the preventive activities come in. That is where you get the disease earlier; that is where you do your surveillance, disease detection, and preventive activities.

You can see very early, as things begin to improve, the widening of that field clinic program. That is where almost a tenfold increase in services has been provided through the field mechanism as contrasted to perhaps a fivefold increase in the hospitals.

We have laid great emphasis on that and that is going to pay off.

### ECONOMIC AND HEALTH BENEFITS OF EMPHASING OUTPATIENT PROGRAMS

Mr. McKAY. That is really a better way to go as part of your preventive situation. I think hospitals generally in the regular community have been finding that as they have accentuated their outpatient and other programs, they have wound up with empty beds. They are becoming economically unfeasible as they get the health of the Nation improved.

Dr. JOHNSON. We surely agree with that. I will share with the committee one of our earlier frustrations with the budgeting process. They used to handle the budgeting process based on what your average daily patient load was. That is what was important. We were insisting for years that that is not it. That is going backward. You are putting your emphasis in the wrong place. To the Department's credit and eventually OMB's credit, we don't fool with the average daily patient load as the issue any more. We are making progress, even in budgeting.

Mr. McKAY. Only in the hospital do you worry about that.

Dr. JOHNSON. Our program has an advantage, Mr. McKay. We have a fixed budget. We are not dependent on daily revenues of filling a bed. We are the original health maintenance organization in that sense. We get so much money per year and you have to take care of everybody who comes. So there is an incentive in our program to keep them well and keep them out of the expensive beds.

The HMO concept has real validity from that standpoint. Our staff, in a sense, is interchangeable. If the hospital beds aren't busy, the clinic is busy. You use that staff back and forth. The same doctors working in both. The same nurses can be working in both. The same field people can work back and forth. We have that kind of flexibility in this kind of delivery system that permits us to have the luxury of having empty beds, if you will. Empty beds don't frighten me.

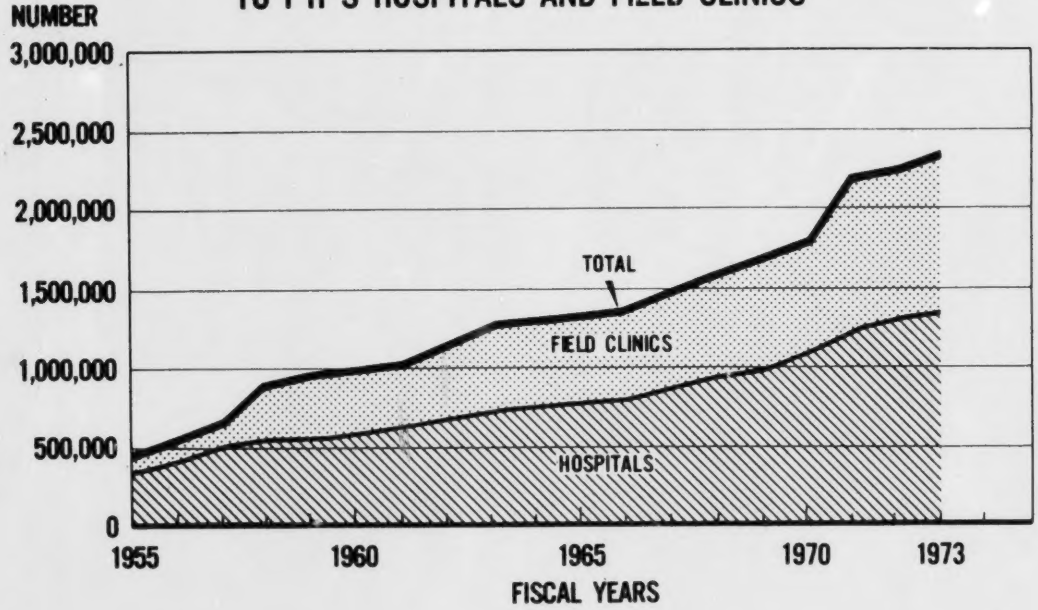
Mr. McKAY. They don't frighten me either.

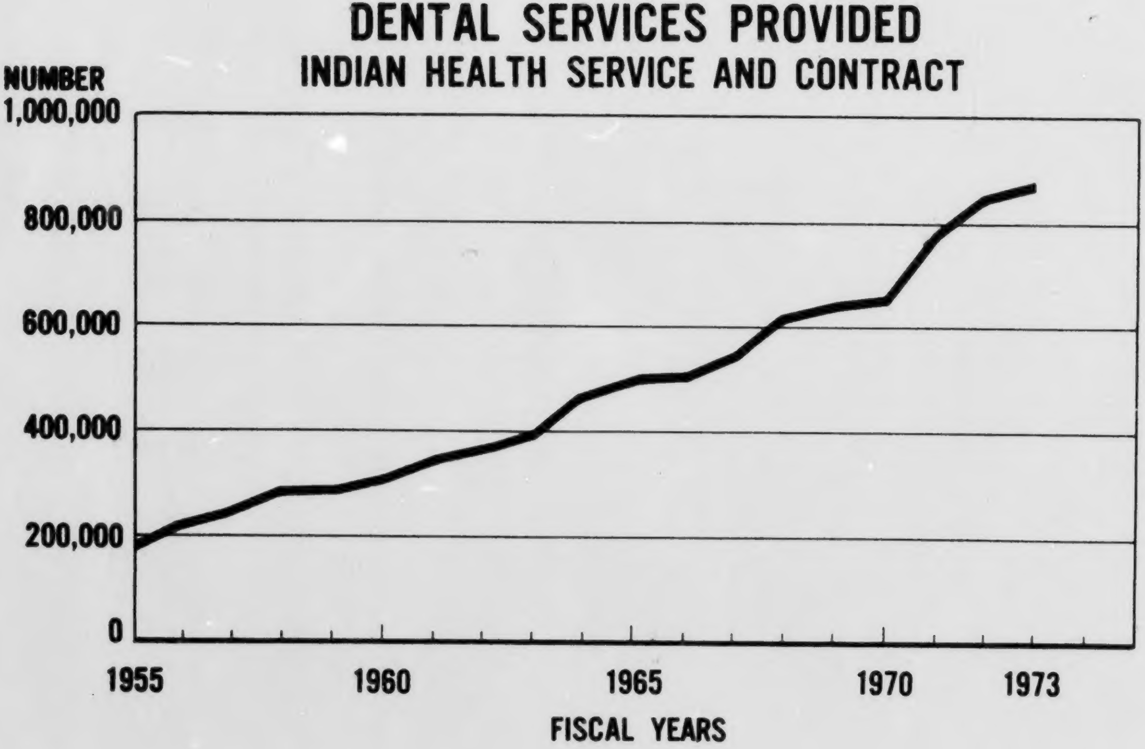
### DENTAL SERVICES—PROGRESS AND DEFICIENCIES

Dr. JOHNSON. Charts 9 and 10, of course, show the number of outpatient visits and our dental services. Again you can see about a four- to fivefold increase in dental services.

[The charts follow:]

## NUMBER OF INDIAN AND ALASKA NATIVE OUTPATIENT VISITS
### TO I H S HOSPITALS AND FIELD CLINICS





DENTAL SERVICES PROVIDED
INDIAN HEALTH SERVICE AND CONTRACT

Dr. JOHNSON. We are getting to the point dentalwise now where we have just about reached the point of being able to handle all the kids. In some places, depending on the size of the population and so forth, the scale of the operation, there are a number of places now where we are beginning to take a reasonable share of the adult population's dental needs.

We are even this year beginning to make some inroads in dentures within the new dental laboratory that was opened in Albuquerque at Southwest Polytechnic Institute last year. With the one now being put in place in Rapid City, which the committee added this last year, we will begin to start to see some progress made with dentures.

You are right, it is mostly a children's program. Again, this is going to pay off because you have developed a whole generation of kids now, most of whom still have viable teeth in their mouths. They have a maintenance program that comes as they become adults. The resources required to maintain them as adults is much, much less than it is to take an adult who has not had good care through all his life and try to bring him up.

### EFFECT OF ANGLO DIET ON INDIAN TEETH

Mr. McKAY. Do you have any figures to indicate that the nutritional diet has had any effect on the dental condition?

In earlier times there were no sweets of speak of. Dentists constantly tell us sugar hurts the teeth. Now they have different habits. Did we see a drop in teeth problems or a rise in teeth problems as those cycles hit and flourished?

Dr. JOHNSON. The Anglicized diet is disastrous for dental health.

Mr. McKAY. Did you see a time when the Indians had better teeth and it took a dip? Do you have figures to show that?

Dr. JOHNSON. It wouldn't be within the lifetime of this program but we have some things. These would not necessarily be those that some scientist would be terribly happy to accept, but there are observations from many years back that will show you at least the impression that the modern diet has, in fact, been seriously detrimental.

I would be glad to provide that information.

[The information follows:]

The effect of Anglo diet on Indian teeth follows:

Assimilation of American Indians and Alaska Natives into the dominant American culture has apparently had a marked effect on their oral health level. As in any population group, a direct correlation can be demonstrated among Indians between dental caries and carbohydrate consumption, especially with refined carbohydrates. It is observed that very large quantities of soft drinks, candy, and other soft, refined foods are sold in nearly all Indian and Alaska Native communities. It can be shown by early surveys and through the Indian Health Service trend data that there has been at least a 30-year increase in the dental decay rate until a massive effort in prevention arrested the trend since 1968. The increase in the disease rate was greatest where they had once been lowest, in the Southwest and in Alaska. It is thought that the change in diet is directly related to the conversion of community economy from subsistence to cash.

*Number of decayed, missing, and filled teeth, rate per person, ages 5–19*

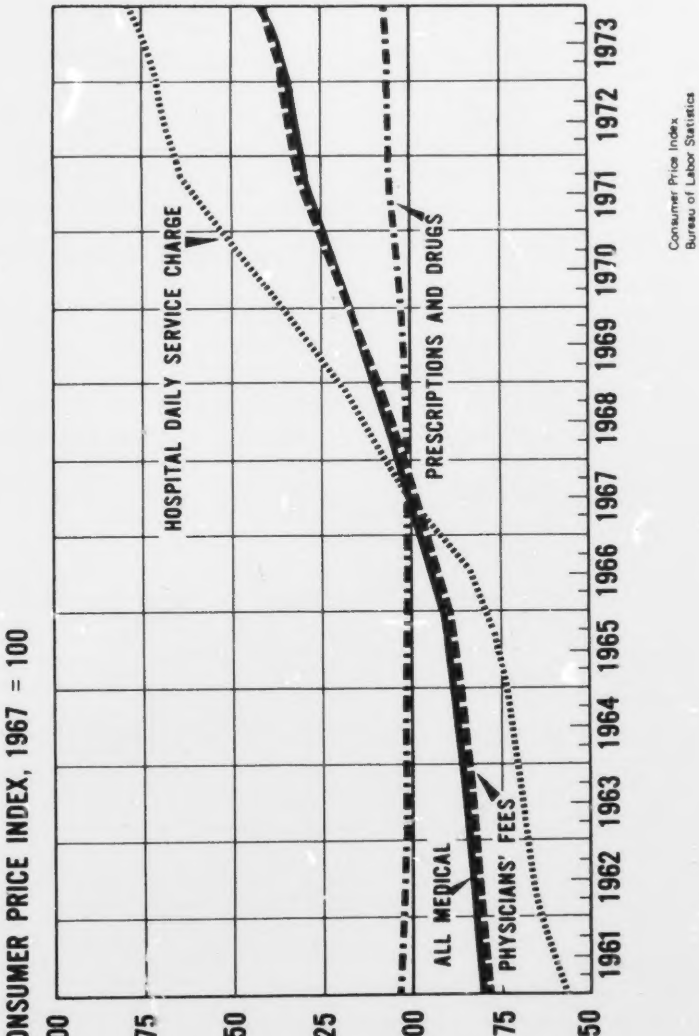
| Year: | |
|---|---|
| 1932 | 2.08 |
| 1962 | 5.19 |
| 1972 | 5.92 |

### RISING MEDICAL CARE COSTS AND ENERGY AND SUPPLY SHORTAGES

Dr. JOHNSON. I include chart 11, so we are all together on this. It is one dealing with medical care costs. The bane of our existence and I guess the committee's too—because so much of what we do is getting money for resources which ends up being eaten up in escalated costs of everything we buy.

[The chart follows:]

## MEDICAL CARE COST



Consumer Price Index
Bureau of Labor Statistics

Dr. JOHNSON. The fuel shortage, for example, is not only a problem this year in terms of the cost, but it is frightening in shortages of fuel for people who live in isolated areas.

When I was out at Chinle a few weeks ago with Dr. Edwards, they couldn't get enough gas out there to run the ambulance on a round trip into the hospital. If you sent your ambulance out it got to the hospital, but if it was on a day the gas station wasn't open, you didn't have enough to get back.

Now, those are very, very frightening experiences. Obviously a lot of changes are taking place in how people understand how to use gasoline in isolated places on the reservation but we don't think here, you know, of the really critical experiences that folks on the reservation will have over things that are just sort of a nuisance to us here or a pain in the neck here, but they can be life-threatening elsewhere.

Mrs. HANSEN. This is true in all reservation areas and in all those areas where small communities are isolated from larger centers.

Dr. JOHNSON. That sort of highlights the program for you, Madam Chairman.

Other items I am sure we will cover as we go through the formal budget justifications.

### RISING COSTS OF THE CONTRACT HEALTH CARE PROGRAM

Mrs. HANSEN. The costs of prescription drugs has maintained a reasonably level keel. Your hospital daily service charge has increased a great deal. Your physician fees have also increased rapidly.

Dr. JOHNSON. It is really the hospital daily service charges. Physician fees are staying reasonably with the general cost of living. It is the hospital daily patient charges that have really gone through the roof.

### CHANGES IN APPROPRIATION LANGUAGE

Mrs. HANSEN. This year there are several changes proposed in your appropriation language, including a consolidation of your two appropriations into one. Please provide for the record a detailed explanation for these changes.

[The information follows:]

### CONSOLIDATION OF INDIAN HEALTH APPROPRIATIONS

The decision to consolidate the "Indian Health Services" and "Indian Health Facilities" into a single appropriation, "Indian Health," in fiscal year 1975 is part of an overall Department of Health, Education, and Welfare effort to reduce the number of individual appropriation accounts. The DHEW appropriations include nearly 100 separate accounts. In an effort to simplify the review and management of such a large number of appropriations, it is desirable that consolidation be made wherever feasible.

In the case of the Indian Health Service appropriations, no useful purpose is served by maintaining separate accounts. There will be no loss of accountability or visability of either the service or construction functions as a result of consolidation. Separate Treasury accounts and accounting records will be maintained as in other accounts in the Department that have annual and multiyear or no-year availability within the same appropriation. Provision in the appropriation language will be made to maintain "no-year" fund availability for the construction activity.

Mrs. HANSEN. What was your primary thinking in this change?

Mr. CHADWICK. The primary thinking was to curtail and reduce a number of appropriations.

Mr. Forbush. In the total HEW budget we have 150 or so different items we tried to consolidate wherever possible. There was no essential reason why there had to be a separate piece of appropriation.

### POSSIBILITY OF POINT OF ORDER RE OBLIGATIONAL AUTHORITY FOR CONSTRUCTION FUNDS

Mr. Chadwick. This does make provision for construction money to remain available. It does not change that element or that part of it.

Mrs. Hansen. Do you have an authorization for your funds to remain available until expended? This language could be subject to a point of order on the floor.

Mr. Chadwick. The language specifically mentions the longevity of the construction funds, yes, ma'am, that they do not expire June 30.

Mrs. Hansen. But, does your basic authorization allow you to do that?

I can understand the need for that language because in the construction field you are confronted with special problems of weather, timing, et cetera, particularly when you do not receive your money until, say, September or October. It takes a few weeks to distribute those funds so that you have already lost a portion of the construction season before you can begin.

I would urge you to make sure that your basic legislation provides for this type of language because we have to be very forthright about our construction funds. We are hopeful that each agency that appears before us can give us that justification.

Mr. Chadwick. We will have our General Counsel's Office work it up for us.

### UNOBLIGATED FUNDS AT END OF FISCAL YEARS 1973 AND 1974

Mrs. Hansen. In your program and financing schedule you show an unobligated balance, end of year, of $2,656,000 for fiscal year 1974, and $2,747,000 for fiscal year 1973. Please explain this.

Mr. Chadwick. Madam Chairman, this unobligated balance relates, as we told you, to the inclusion of the construction schedule in that package.

In our sanitation program, we figure that we normally have approximately 5 percent unobligated of that total when you are working with a total of $37 million—$38.9 million available this year, primarily all of that $2,657,000—$1,809,000 of it is sanitation. The remaining amount is for three hospitals, at Owyhee, Philadelphia, and Zuni, that we are contracting this year. There will be some odds and ends that do not get totally obligated—you know you have some contingency funds and some remaining items that would be left over, and in the next year we have the same thing for Claremore, $428,000 that would be remaining of the $8,560,000 and the same 5 percent of the sanitation which would be $2,025,000 of the $2,748,000.

### INDIAN HEALTH SERVICES

Mrs. Hansen. Please insert in the record at this point justification pages 1 through 37.

[The pages follow:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

HEALTH SERVICES ADMINISTRATION

Indian Health

| Appropriation by Activity | 1975 Appropriation Estimate |
|---|---|
| 1. Indian Health Services | $222,896,000 |
| 2. Construction | 54,956,000 |
| 3. Program Management | 3,147,000 |

Administrative Provisions

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
HEALTH SERVICES ADMINISTRATION
INDIAN HEALTH SERVICE

## HIGHLIGHT STATEMENT

### INTRODUCTION

The goal of the Indian Health Service is to raise the health status of the Indian and Alaska Native people to the highest level possible. In pursuing the achievement of this goal the Indian Health Service provides care through a comprehensive health services delivery system, which provides for tribal involvement in program development and implementation. Additionally, the Indian Health Service performs the function of principal Federal advocate for assuring that Indians have knowledge and access to all Federal, State and local health programs to which they are entitled as American citizens. In addition, the Indian Health Service is assisting Indian communities to strengthen their capacities to man and manage their own individual and institutional health affairs at such a pace as they themselves choose.

Guided by the principles contained in President Nixon's Indian Message of July 8, 1970, transmitting recommendations on Indian policy and supported by sustained follow-through on the part of the Administration, substantial progress has been made in pursuit of these aims. Illustrative of the conversion of purpose into deeds are meaningful and much-needed expansions of several programs. Included are efforts relating to ambulatory, dental, eye and contract care; projects to assist urban Indian people to identify and obtain health services available to them as citizens; and the Community Health Representative Program and other tribally managed efforts carried out through contracts with the Indian Health Service. Progress has been made, too, in upgrading, through construction, the physical plant so essential to the provision of good health services, and to increasing the safety of the key water and waste disposal aspects of the human environment.

Encouraged by this progress, we are seeking permission to solidify these gains and to pursue further progress. The FY 1975 request, therefore, proposes increases for the highly fruitful ANCHAT and ambulatory care programs and staffing of the Tuba City hospital, currently under construction. Proposed, too, are construction funds for the much needed replacement hospital at Claremore, Oklahoma; for health centers at Tohatchi, New Mexico and Riverside, California; and to continue progress against the hazards presented by unsafe water and waste disposal facilities in Indian homes and communities. Construction of medical facilities initiated in 1973 and 1974 is being continued.

The programs conducted by the Indian Health Service encompass delivery systems involving direct, contract and alternate health services which provide comprehensive health care to approximately 498,000 American Indians and Alaska Natives. The great majority of Indians live in remote and isolated rural areas where accessibility to health care is extremely difficult, and Indian Health Service facilities are the only ones available in many cases.

The Services provided through this program have contributed substantially to the continued improvements in the health of Indians and Alaska Natives since 1955, when the Department assumed responsibility for Indian Health care. However, the current health status of Indians is still deficient when measured against that of the general population. These people still live for the most part under severe deprivation caused by the extreme physical hardships of their home environment, characterized by gross unsanitary living conditions, sub-standard and crowded housing, and unsafe water supplies; they also suffer from inadequate nutrition, limited educational opportunities, emotional, and sociological problems brought about by a culture in transition.

In spite of very substantial program achievements, morbidity and mortality among Indians remains considerably higher than in the general population. Significant strides have been made in recent years, particularly in the prevention of infant deaths and deaths from tuberculosis. However, the environment, both physical and economic, in which the Indians find themselves, predisposes them to the ravages of disease to a far greater degree than found in the general population.

Direct health services will be provided to Indians, Eskimos, and Aleuts in Fiscal Year 1975 in 51 hospitals, 83 health centers (including 26 school health centers) and several hundred other health stations. This program consists of a Field Health component including sanitation and dental care, public health nursing, health education and field medical services which bring health services for Indians and Alaska Natives directly to homes and communities.

Health centers and stations are carefully located to conveniently provide as complete a range of health services to Indian communities as possible. These clinic based services are supplemented by home visits providing preventive and curative health services in combination with education in good health care and practice. Included are such activities as mental health, alcoholism, nutrition, maternal and child health and family planning. This program of direct care is supplemented through contractual arrangements with public and private health practitioners and institutions, including tribal governments, in those situations where it is considered to be the most feasible, effective, efficient, and accessible method of providing the highest quality of care.

Indians are, first of all, citizens of this country and of the States in which they reside. Hence, they are also eligible to participate in, all the general population-oriented public and private health programs on the same basis as any other citizen. As the principal Federal advocate in the health field for Indians, the Indian Health Service encourages Indians to become fully aware of, and full participants in all health programs for which they qualify. It also helps to stimulate the efforts of other health programs towards greater outreach for Indians.

The Message from the President of the United States Transmitting Recommendations for Indian Policy (House Document No. 91-363 dated July 8, 1970) stressed Indian self-determination. Toward this end, the Indian Health Service is assisting Indian communities to strengthen their capacities to man and manage their own individual and institutional health affairs. The Indians themselves have, for a considerable period of time, been participating, in varying degrees, in the planning, operation, and evaluation of their programs. While avenues for this Indian participation have been provided since 1934, it has only been in the last several years that tribal councils, tribal health boards and advisory committees have become a potent mechanism for providing increasing Indian involvement.

There follows a discussion of areas of particular concern:

1. Mortality

The latest available age adjusted mortality rates for Indians and Alaska Natives (1972) and for U.S. all races (1969) show that the rates for Indians and Alaska Natives are considerable higher than the general population, except for heart disease, maligant nepolasms, vascular lesions, and certain diseases of early infancy. The higher ratios are as follows:

| | Mortality Ratios Indians to U.S. All Races |
|---|---|
| All causes of death per 100,000 population | 1.2 |
| Infant deaths | 1.1 |
| Accidents | 3.3 |
| Influenza and Pneumonia | 1.6 |
| Cirrhosis of liver | 4.3 |
| Homicide | 3.0 |
| Diabetes | 2.0 |
| Suicide | 1.8 |
| Tuberculosis, all forms | 4.7 |

As indicated above in 1972 the Indian and Alaska Native infant death rate of 20.9 per 1,000 live births was about 1.1 times as high as the provisional U.S. all races rate of 18.5. The Indian and Alaska Native post neonatal rate is more than twice the U.S. rate. This high rate results from the infant leaving the hospital and returning the complex problems that accompany a poverty stricken environment.

Approximately one-fifth of all Indian and Alaska Native deaths in 1972 were due to accidents; one-fourth, to diseases of the heart and neoplasms; and one-tenth, to infectious, parasitic, and respiratory diseases.

2. Morbidity

Infectious Diseases—Large numbers of episodes of illness requiring inpatient or outpatient care are due to infectious diseases and their after-effects. These diseases include gastroenteritis, dysentery, influenza, tuberculosis, otitis media, trachoma, pneumonia, and common childhood communicable diseases.

3. Alcoholism—Many Indian communities have been deeply concerned for years about the problems of alcohol abuse and suicide. Many suicides and abortive suicide attempts occur as part of episodes of drunkenness. The suicide rate among Indian and Alaska Natives in the 15-34 year age group is 3.6 times as high as the U.S. all races rate in the same age group. There is scarcely an Indian group which does not consider alcohol misuse one of its most important problems. Many Indian people at one time or another seriously damage themselves (a large number are actually killed in traffic accidents) through the effects of intermittent intoxication. What is particularly alarming about both these problems is that they appear to be increasing and to be affecting primarily young people.

4. Mental Health--American Indians, like all groups, suffer from difficulties in living, ranging from severe psychosis to general discouragement and apathy. As with any group, psychiatric assistance can be of value in improving and preventing these conditions. Unless such assistance is given, these problems continue, and manifest themselves as self-destructive drinking, suicide, violence, family disorganization, child abuse or neglect, and apparent physical disability without physical cause. Indian cultures in the past have had their own ways of coping with mental illness, but unfortunately many of these mechanisms have broken down due to changes in the Indian's way of life. The objective of the Indian Health Service mental health program is to keep Indian people mentally healthy and to draw upon the inherent strengths of Indian culture and heritage by reinforcing and rebuilding the positive influence which this Indian culture imparts to the individual. To accomplish this objective, the staff of the mental health program includes and uses Indian community mental health workers. These workers help bridge the gap between the professional and the patient and the community in many areas, such as patient identification and follow-up. They also help to change Indian and non-Indian community attitudes, as well as to assist in training the non-Indian professional staff. The maintenance of a high level of mental health is essential in raising the general health standards of the Indian people.

5. Maternal and Child Health--Maternal and Child Health Services continues to contribute to a significant improvement in the health of Indian and Alaska Native mothers and children. Maternal mortality has continued to decline from 82.6 per 100,000 live births in 1958 to 37.9 in 1972. Infant mortality has been reduced from 62.5 per 1,000 live births in 1955 to 20.9 in 1972. This overall infant mortality rate is approaching the U.S. all races rate of 18.5. In 1972 the neonatal (up to 28 days of age) mortality rate of 9.6 per 1,000 live births was below the provisional U.S. General population rate of 13.7. The use of indigenous Indian health workers together with the inception over the last four years of special community maternal and child health family planning projects through contracts with tribes is a contributing factor in allowing the program to show continual improvement in this area.

6. Dental Health--Oral conditions such as caries, periodontal disease, orthodontic problems and missing teeth are chronic, ubiquitous and persistent. Indian people consistently rank dental health first, second or third in health priority. Frustration is common because the conditions are obvious, the means of prevention and correction known and, where resources permit, the Indian Health Service organization is capable of effective and rapid response to the desires of each community.

The Indian Health Service dental program has demonstrated a high order of efficiency and effectiveness. It also is a leader in the dental profession in areas of national concern such as quality evaluation, resource planning and the development of auxiliary personnel.

Among children, where services are concentrated, tooth mortality has steadily declined in relation to infected teeth. Orthodontic conditions have also steadily improved among the young. The young still have a large reservoir of corrective service needs and adults remain without most oral health services.

7. Nutrition—Insufficient food and economic resources to provide nutritionally adequate diets, coupled with a lack of knowledge of the relationship of food to health, continue to pose a major problem among Indian and Alaska Native families. Infants, preschool children, pregnant and lactating women and all females in the childbearing years (15-44), as well as the aged and chronically ill, are groups at nutritional risk. Malnutrition and mild-to-moderately severe nutritional deficiencies occur relatively frequently in Indian and Alaska Natives. Malnutrition occurs per se and as a complicating or contributing factor in a wide variety of other health problems and illnesses. These include under achievement in physical growth and development (sometimes called failure to thrive), nutritional anemia, infectious and chronic diseases, maternal morbidity, infant morbidity and mortality, and significant underweight or overweight conditions.

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## INDIAN HEALTH

| | | |
|---|---|---|
| Appropriation, 1973 (adjusted) | | $220,090,073 |
| Total Amount Available | | 220,090,073 |
| Appropriation, 1974 | $234,210,000 | |
| Transferred to other accounts (GSA) | - 117,899 | |
| Comparative transfer to "Working Capital Fund, Office of the Secretary" | - 34,000 | |
| Comparative transfer from "Office of Assistant Secretary for Health", for Commissioned Officer Personnel Functions | + 205,000 | |
| 1974 Proposed transfer for Increased Pay Cost | +9,410,000 | |
| 1974 Proposed Supplemental for Contract Health Care, Alaska Native Community Health Aide and Ambulatory Care | +6,591,000 | |
| Total amount available, 1974 | | 250,264,101 |

### Indian Health Summary of Increases and Decreases, 1975

| | |
|---|---|
| 1. Indian Health Services | |
| To provide for mandatory increases for Patient Care ($14,416,899) and Field Health ($7,884,000); program increases for Patient Care at Indian Health Service facilities ($2,315,000) and Field Health at Indian Health Service facilities ($935,000) | +25,550,899 |
| Net Change | +25,550,899 |
| 2. Construction | |
| To provide for mandatory increases in Sanitation Facilities ($4,342,000); net program increase in Health Facilities ($687,000) | + 5,029,000 |
| Net Change | + 5,029,000 |
| 3. Program Management | |
| To provide for mandatory increase | + 155,000 |
| Net Change | + 155,000 |
| Net Change, 1975 | +30,734,899 |
| Budget Estimate, 1975 | 280,999,000 |

## INDIAN HEALTH

### Analysis by Activity

| Activity | Amount Available 1973 (Actual) | Amount Available 1974 | Estimate 1975 | Increase (+) Decrease (-) |
|---|---|---|---|---|
| 1. Indian Health Service | | | | |
| a. Patient Care | 119,321,952 | 136,521,101 | 153,253,000 | +16,731,899 |
| b. Field Health Service | 53,360,748 | 60,824,000 | 69,643,000 | + 8,819,000 |
| 2. Construction | 43,102,579 | 49,927,000[1] | 54,956,000[1] | + 5,029,000 |
| 3. Program Management | 2,726,127 | 2,992,000 | 3,147,000 | + 155,000 |
| Total | 218,511,406 | 250,264,101 | 280,999,000 | +30,734,899 |

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[1] NOA

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### HEALTH SERVICES ADMINISTRATION
### INDIAN HEALTH SERVICES

| | | |
|---|---|---|
| Appropriated, 1973 (adjusted) | | $175,541,073 |
| Total amount available | | 175,541,073 |
| Appropriation, 1974 | $184,283,000 | |
| Transferred to other accounts (GSA) | -117,899 | |
| Comparative transfer to "Working Capital Fund, Office of the Secretary" | -34,000 | |
| Comparative transfer from "Office of Assistant Secretary for Health", for Commissioned Officer **Personnel Functions** | +205,000 | |
| 1974 Proposed transfer for Increased Pay Cost | +9,410,000 | |
| 1974 Proposed Supplemental for Contract Health Care, Alaska Native Community Health Aide & Ambulatory Care | +6,591,000 | |
| Total amount available, 1974 | | 200,337,101 |

Summary of Increases and Decreases, 1975

| | |
|---|---|
| Patient Care | |
| To provide for mandatory increases for direct care at Indian Health Service facilities ($9,988,899) and indirect care ($4,428,000); program increases for direct care at Indian Health Service facilities ($2,315,000) | +16,731,899 |
| Net Change | +16,731,899 |
| Field Health Services | |
| To provide for mandatory increases for sanitation ($292,000), dental ($469,000), public health nursing ($188,000), health education ($67,000), and field medical services ($6,868,000); program increases for field medical services at Indian Health Service facilities ($935,000) | + 8,819,000 |
| Net Change | + 8,819,000 |
| Program Management | |
| To provide for mandatory increase | + 155,000 |
| Net Change | + 155,000 |
| Net Change, 1975 | +25,705,899 |
| Budget Estimate, 1975 | 226,043,000 |

## INDIAN HEALTH SERVICES

Analysis by Activities

| | Amount Available 1973 | Amount Available 1974 | Estimate 1975 | Increase (+) Decrease (-) |
|---|---|---|---|---|
| Patient care | $119,321,952 2/ | $136,521,101 | $153,253,000 | +$16,731,899 |
| Field Health Services ...... | 53,360,748 | 60,824,000 | 69,643,000 | + 8,819,000 |
| Program Management | 2,726,127 | 2,992,000 | 3,147,000 | + 155,000 |
| Sub-Total - Obligations ... | 175,408,827 3/ | 200,337,101 3/ | 226,043,000 | + 25,705,899 |
| Unobligated Balance Lapsing | 132,246 | — | — | |
| Budget Authority .... | 175,541,073 1/ | 200,337,101 1/ | 226,043,000 1/ | + 25,705,899 |

### 1. Patient Care

| | Amount Available 1973 | Amount Available 1974 | Estimate 1975 | Increase (+) Decrease (-) |
|---|---|---|---|---|
| (a) Direct - Operation of IHS Hospitals: | | | | |
| Positions | 4,835 | 4,963 | 5,206 | + 243 |
| Amount | 86,395,732 | 95,888,101 | 108,192,000 | + 12,303,899 |
| (b) Indirect - Contractual: | | | | |
| Positions | 40 | 40 | 40 | — |
| Amount | 32,926,220 | 40,633,000 | 45,061,000 | + 4,428,000 |
| Total Patient Care: | | | | |
| Positions | 4,875 | 5,003 | 5,246 | + 243 |
| Amount | 119,321,952 | 136,521,101 | 153,253,000 | + 16,731,899 |

1/ Excludes reimbursements as follows: FY-1973 - $1,441,529 (PC $1,328,809; FH $112,720); FY- 1974 - $1,715,000 (PC $1,602,000; FH $113,000); FY-1975 - $1,715,000 (PC $1,602,000; FH $113,000).

2/ Reflects a 1974 comparative transfer, - $13,000; to "Departmental Management, Office of the Secretary".

3/ Reflects a 1975 Comparative Transfer $+205,000 "Office of Assistant Secretary for Health" for Commissioned Officer Personnel Functions; reflects a 1975 Comparative Transfer - $34,000 to "Departmental Management, Office of the Secretary".

### 1. Patient Care
### Summary of Change

| | |
|---|---|
| INCREASES | |
| Mandatory: | |
| Within Grade Promotions | $1,168,000 |
| Full-Year Cost of 1974 Increased Pay Cost | 769,000 |
| Full-Year Cost of 1974 Wageboard Increases | 475,000 |
| Increased Cost of Contractual Services | 400,000 |
| Increased Cost of Supplies | 519,000 |
| Increased Cost of Maintenance and Repair | 462,000 |
| Operation of Newly Constructed Facilities: | |
| Staffing of Tuba City Hospital (171 Positions) | 247,000 |
| Groups II and III Equipment for Zuni Hospital | 648,000 |
| Increased Cost of Medical Care under Contract | 4,402,000 |
| One Additional Paid Day | 203,000 |
| Increased Payments for BEC, Service and Supply Fund, Working Capital Fund and FTS Charges | 393,000 |
| GSA Payment | 3,412,899 |
| Continuation of California Rural Indian Health Board, Appropriated in 1973 | 1,177,000 |
| Increased Requirements Resulting from 1974 Program Increases for Ambulatory Care | 116,000 |
| Funding of Programs previously funded by DOL | 1,000,000 |
| Total Increases Mandatory | 15,391,899 |
| Program | |
| Ambulatory Care for Hospital Outpatient Departments (72 positions) | 2,315,000 |
| Total Increases | 17,706,899 |
| DECREASES | |
| Mandatory | |
| Equipment for New Constructed Facilities in 1974 | -975,000 |
| Total Decreases | -975,000 |
| Net Increase (243 Positions) | 16,731,899 |

(a) Direct -- The 1975 estimate of 5,206 positions and $108,192,000 provides an increase of 243 positions and $12,303,899 over the 1974 estimate of 4,963 positions and $95,888,101.

Need for Increase

The requested increase consists of:

| | |
|---|---|
| Increase | |
| Mandatory: | |
| Statutory salary promotions | $ 1,150,000 |
| Full-year cost of 1974 increased pay cost | 764,000 |
| Full-year cost of 1974 wage-board increases | 475,000 |
| Increased cost of contractual services | 400,000 |
| Increased cost of supplies | 519,000 |
| Increased cost of maintenance and repair | 462,000 |
| Operation of newly constructed facilities: | |
| Staffing of Tuba City hospital (171 positions) | 247,000 |
| Equipment for Zuni hospital | 648,000 |
| One additional paid day | 200,000 |
| Increased payments for BEC, Service and Supply Fund, working capital fund, and FTS charges | 393,000 |
| GSA payment | 3,412,899 |
| Continuation of California Rural Indian Health Board, appropriated in 1973 | 1,177,000 |
| Increased requirements resulting from 1974 program increase for ambulatory care | 116,000 |
| Funding of programs previously funded by the Department of Labor | 1,000,000 |
| Sub-Total Mandatory Increases | 10,963,899 |
| Program: | |
| Ambulatory Care for Hospital Outpatient Departments (72 Positions) | 2,315,000 |
| Total Increases | 13,278,899 |
| Decreases: | |
| Equipment for newly constructed facilities, appropriated in 1974 | - 975,000 |
| Net Increase | 12,303,899 |

Ambulatory Patient Care - 72 Positions and $2,315,000

The provision of comprehensive community health services has not only become more complex, but it has also produced a significant change in the inpatient and outpatient workloads. A significant trend in the Indian Health program has been the increased utilization of ambulatory services. Increased emphasis on preventive rather than curative medicine has also been a factor resulting in substantial increases in the outpatient workload in the past few years. From Fiscal Year 1955 through 1974, Indian Health Service hospital admissions (excluding births) increased 1.8 times, from 42,762 to 74,600 and hospital outpatient visits increased 4 times, from 355,000 to 1,400,000. The service population has also been increasing, from 318,000 to 498,000, although not as rapidly as the utilization rate.

Advances made in the delivery of routine diagnostic, curative, and preventive services coupled with the increased acceptance by the Indians of the program have resulted in a substantial increase in the number of ambulatory services provided at the hospital and field clinics. The partnership for health that has evolved between the Indian Health Service and the Indian communities it serves has also significantly contributed to the increased use of Indian Health services. This partnership has been evidenced by joint planning and evaluation of health services, by Indian groups building and leasing health facilities to the Indian Health Service, and the assumption by Indians of the management of many aspects of their health programs. Indian community concern was further evidenced recently when the National Tribal Chairmen's Association (NTCA) and the National Indian Health Board (NIHB) placed the need for ambulatory care services both in their facilities and in the contract program as their top priority need.

A number of factors have impacted heavily on the Indian Health Service's ability to provide the quality and quantity of ambulatory services required by the Indian communities served. The addition of $2,315,000 for FY 1975 to the Indian Health Service budget will assist in providing additional services to the Indian people.

Plan of Work

The Indian Health Service operates a network of 51 hospitals ranging in size from 6 to 276 beds and varies in program complexity from primary medical care to comprehensive referral services.

There will be continuing emphasis and effort in 1975 toward implementing the standards promoted by the Joint Commission on Accreditation of Hospitals.

As a result of Administration and Congressional support in the past several years, both the quality and quantity of the inpatient and outpatient programs have been improved. Additional ambulatory care positions, upgrading of hospital and outpatient facilities and increases in the clinical laboratory capabilities have resulted in a more acceptable and responsive health program. Hospital outpatient facilities are experiencing a continued increase in the demand for services.

In addition to ambulatory care, the 1975 request of $108,192,000 for direct care, operation of Indian Health Service hospitals, includes the funding of, (1) the operation of 51 Indian Health Service hospitals and attached outpatient clinics and (2) the maintenance of Indian Health Service facilities consisting of hospitals, health centers, stations, school clinics, and staff quarters and (3) an increase of $247,000 for 171 new positions required to staff the new Tuba City Hospital which will be completed during FY 1975.

Also, the 1975 appropriation request includes $1,350,000 to fund programs formerly made possible as a result of Department of Labor (DOL) funds being used to support IHS training programs. DOL funds made available to IHS through 1974, pursuant to the President's recommendation for Indian policy, (House document 91-363) will not be available in 1975. The funds requested for 1975 will be used to continue medical programs including otitis media, TB surveillance by the Navajo Tribe and Medical Care at Skills Centers. Of the above amount, $1,000,000 is included in this sub-activity and the balance is requested in the field medical services sub-activity.

Funds are included in this activity for the California Rural Indian Health Board. Under agreement with the Indian Health Service, the California Rural Indian Health Board makes provision for the delivery of a variety of health services to approximately 24,000 Indians in 32 rural counties in California. The board, in conjunction with their CHR staff, in addition to catalyzing the State and county to be more responsive to the Indian people's localized needs, have developed medical and dental clinics where county, university and volunteer physicians and dentists have provided substantially increased services.

Expected workloads for the hospital program are shown on the following table:

INDIAN HEALTH SERVICE HOSPITALS

| Workload Category | 1973 Actual | 1974 Estimate | 1975 Estimate | Increase (+) Decrease (-) |
|---|---|---|---|---|
| Average Daily Patient Census (Excl. Newborns) | 1,499 | 1,439 | 1,400 | -39 |
| Total GMS Admissions (Excl. Births) | 74,961 | 74,600 | 75,600 | +1,000 |

INDIAN HEALTH SERVICE HOSPITALS

| Workload Category | 1973 Actual | 1974 Estimate | 1975 Estimate | Increase (+) Decrease (-) |
|---|---|---|---|---|
| Average Length of Stay (days), GMS | 7.2 | 6.9 | 6.5 | -.4 |
| Total Births-Indian Health Service Hospitals | 9,844 | 9,500 | 9,600 | +100 |
| Outpatient Visits to Hospital Facilities | 1,330,660 | 1,400,000 | 1,470,000 | +70,000 |

(b) Indirect — The 1975 estimate of 40 positions and $45,061,000 provides an increase of $4,428,000 over the 1974 estimate of 40 positions and $40,633,000.

Need for Increase

The requested increase consists of:

| Increases | |
|---|---|
| Mandatory: | |
| Statutory salary promotions .......................... | $ 18,000 |
| Full-year cost of 1974 increased pay cost ............ | 5,000 |
| Increased cost of medical care under contract ........ | 4,402,000 |
| One additional paid day .............................. | 3,000 |
| Total Increase ................................... | 4,428,000 |

An analysis of the rates negotiated in agreements with the various hospitals, clinics, physicians, and dentists with which the Indian Health Service has current formal contracts, indicates a continuing upward trend. In order to provide the same level of services in 1975 as 1974, it is necessary to plan for this added cost and request the funds to cover this increase. An increase of $4,402,000 is requested for these rising costs.

Plan of Work

The request of $45,061,000 is for the purchase of medical care through contractual arrangements and is an essential element of the Indian Health Service program. Formal agreements are entered into with community hospitals, private physicians and clinic groups, dentists and providers of ancillary health services to assure that quality care is obtained. Through this mechanism health services are practically and effectively provided for the widely scattered and small groups of Indians and Alaska Natives who urgently need such services. In addition, the use of contract services makes possible special diagnostic and therapeutic services which many small intermediate-sized Indian Health Service hospitals cannot provide. Emergency hospitals and medical care services are frequently required at locations not readily accessible to health facilities directly operated by the Indian Health Service.

The table on the following page indicates the distribution of funds under the various items requested for the 1975 program. It also shows how 1973 funds were obligated and the plan for funding for 1974. The actual experience of average daily patient loads are reported for 1973 together with expected levels for 1974 and 1975.

As noted on this table, the average patient load for general inpatients is estimated to increase by 80 over the 1973 level. This increase in ADPL, resulting from additional emphasis being placed on this program by both the Administration and the Congress in 1974, will have an impact on the identified unmet needs. At the beginning of FY 1974, the Indian Health Service had identified $19,600,000 primarily in unmet surgery needs, such as ear surgery, abdominal hernia repairs, gallbladder and bile duct surgery, Utero-vaginal prolapse repair and extraction of cataract of the eye. The impact of the 1974 and 1975 budgets will reduce this unmet need at the end of FY 1975 to $11,000,000 ($15,600,000 based on 1975 prices).

INDIAN HEALTH SERVICE
Indirect - Contractual

| Hospitalization: | 1973 Actual<br>Average Daily Pt. Load | 1973 Actual<br>Rate | 1973 Actual<br>Amount | 1974 Estimate<br>Average Daily Pt. Load | 1974 Estimate<br>Rate | 1974 Estimate<br>Amount | 1975 Estimate<br>Patient Daily Pt. Load | 1975 Estimate<br>Rate | 1975 Estimate<br>Amount |
|---|---|---|---|---|---|---|---|---|---|
| General ................ | 453 | $100.39 | $16,598,984 | 533 | $114.44 | $22,264,000 | 533 | $130.46 | $25,380,000 |
| Tuberculosis ........... | 7 | 53.17 | 135,857 | 7 | 57.42 | 147,000 | 7 | 62.01 | 158,000 |
| Neuropsychiatric ....... | 54 | 22.21 | 437,855 | 54 | 23.99 | 473,000 | 54 | 25.91 | 511,000 |
| Total ................ | 514 | | 17,172,696 | 594 | | 22,884,000 | 594 | | 26,049,000 |
| Patient and escort travel | | | 754,465 | | | 854,000 | | | 854,000 |
| Professional field supervision .......... | | | 646,236 | | | 734,000 | | | 757,000 |
| Physicians' services (Inpatient fees, office visits, consultation services)............ | | | 8,487,881 | | | 9,483,000 | | | 9,957,000 |
| Dental services (emergency services, dental laboratory prosthesis) .... | | | 2,163,149 | | | 2,675,000 | | | 2,943,000 |
| Other costs (lab and x-ray services, pharmaceuticals, drugs for inpatients and outpatients, prosthesis and burials) ........ | | | 3,701,793 | | | 4,003,000 | | | 4,501,000 |
| Total ............. | | | 32,926,220 | | | 40,633,000 | | | 45,061,000 |

### ITEMIZATION OF ESTIMATE
### Patient Care

| Obligations by Object | Actual 1973 | Amount Available 1974 | Estimate 1975 | Increase (+) Decrease (-) |
|---|---|---|---|---|
| 11 Personnel Compensation | $54,430,950 | $58,633,000 | $62,374,000 | +$3,741,000 |
| 12 Personnel benefits | 7,913,733 | 8,509,000 | 8,877,000 | + 368,000 |
| 21 Travel and transportation of persons ............ | 3,501,483 | 3,404,000 | 3,437,000 | + 33,000 |
| 22 Transportation of things | 1,167,565 | 1,211,000 | 1,192,000 | - 19,000 |
| 23 Rent, communication, and utilities ............ | 4,208,515 | 4,239,101 | 7,681,000 | + 3,441,899 |
| 24 Printing and reproduction | 400,370 | 228,000 | 228,000 | — |
| 25 Other services ......... | 36,292,655 | 46,398,000 | 55,180,000 | + 8,782,000 |
| 26 Supplies and materials | 9,667,502 | 11,918,000 | 12,640,000 | + 722,000 |
| 31 Equipment .............. | 1,591,595 | 2,609,000 | 2,272,000 | - 337,000 |
| 32 Lands and structures ... | 756,036 | — | — | — |
| 42 Insurance, claims, and indemnities ...... | 19,567 | — | — | — |
| Subtotal .......... | 119,949,971 | 137,149,101 | 153,881,000 | + 16,731,899 |
| Deduct quarters and subsistance charges .... | -628,019 | -628,000 | -628,000 | — |
| Net obligations ...... | 1/2/3/ 119,321,952 | 136,521,101 | 153,253,000 | + 16,731,899 |

1/ Excludes reimbursements as follows: FY 1973 - $1,328,809
FY 1974 - 1,602,000
FY 1975 - 1,602,000

2/ Reflects a 1974 comparative transfer - $13,000; to "Departmental Management, Office of the Secretary".

3/ Reflects a 1975 comparative transfer of $+92,000 from "Office of Assistant Secretary for Health", for Commissioned Office Personnel Functions; reflects a 1975 Comparative Transfer of $-34,000 to "Departmental Management, Office of the Secretary".

## 2. Field Health Services

| | Actual Obligations 1973 | | Amount Available 1974 | | Estimate 1975 | | Increase (+) Decrease (-) | |
|---|---|---|---|---|---|---|---|---|
| | Pos. | Amount | Pos. | Amount | Pos. | Amount | Pos. | Amount |
| (a) Sanitation | 466 | $ 7,163,750 | 469 | $ 8,023,000 | 474 | $ 8,315,000 | + 5 | + $ 292,000 |
| (b) Dental | 407 | 6,369,380 | 430 | 7,249,000 | 451 | 7,718,000 | +21 | + 469,000 |
| (c) Public Health Nursing | 275 | 3,691,647 | 278 | 4,182,000 | 282 | 4,370,000 | + 4 | + 188,000 |
| (d) Health Education | 99 | 1,609,737 | 99 | 1,833,000 | 100 | 1,900,000 | + 1 | + 67,000 |
| (e) Field Medical Services | 1,231 | 34,526,234 | 1,344 | 39,537,000 | 1,382 | 47,340,000 | +38 | + 7,803,000 |
| Total ............. | 2,478 | 53,360,748 | 2,620 | 60,824,000 | 2,689 | 69,643,000 | +69 | + 8,819,000 |

| Increases | |
|---|---|
| Mandatory: | |
| Statutory Salary Promotions | 563,000 |
| Full-Year Cost of 1974 Increased Pay Cost | 460,000 |
| Full-Year Cost of 1974 Wageboard Increases | 63,000 |
| Increased Cost of Contractual Service | 344,000 |
| Increased Cost of Supplies | 195,000 |
| Operation of Newly Constructed Facilities: | |
| Staffing of Tuba City Hospital (47 Positions) | 55,000 |
| Staffing of Arapahoe Clinic (4 Positions) | 50,000 |
| Full-Year Cost of 250 CHR's Trained in 1974 | 2,680,000 |
| Increased Contractual Level of 718 CHR's Employed in 1974 | 436,000 |
| Increased Contractual Level of 250 CHR's in Training in 1975 | 364,000 |
| Increased Contractual Level of 185 ANCHAT's Employed in 1974 | 762,000 |
| One Additional Paid Day | 117,000 |
| Continuation of Pilot Urban Health Projects, Appropriated in 1973 | 482,000 |
| Increased Requirements Resulting from 1974 Program Increases for: | |
| Increased Dental Services for Crow Tribe, Small Tribes of Western Washington, and Aberdeen and Billings Areas - Rapid City Lab (8 Positions) | 130,000 |
| Ambulatory Care, Which Includes Eye Care Program ($8,000) | 25,000 |
| Operation of Health Centers at Hugo, McAlester, and Eufaula, Oklahoma | 390,000 |
| Mental Health (10 Positions) | 127,000 |
| Leasing of Alaska Health Clinics | 291,000 |
| Funding of Programs Previously Funded by Department of Labor | 350,000 |
| Sub-Total Mandatory Increases | 7,884,000 |
| Program: | |
| Ambulatory Care | 935,000 |
| Total Increases | 8,819,000 |

(a) Sanitation — The 1975 estimate of 474 positions and $8,315,000 provides an increase of 5 positions and $292,000 over the 1974 estimate of 469 positions and $8,023,000.

Need for Increase

The requested increase consists of:

| | |
|---|---|
| Increases | |
| Mandatory: | |
| Statutory salary promotions | $114,000 |
| Full-year cost of 1974 increased pay cost | 86,000 |
| Increased cost of contractual services | 8,000 |
| Increased cost of supplies | 12,000 |
| Operation of Newly Constructed Facilities: | |
| Staffing of Tuba City hospital (5 positions) | 7,000 |
| One additional paid day | 22,000 |
| Increased requirements resulting from 1974 program increase for operation of health centers at Hugo, McAlester, and Eufaula, Oklahoma | 43,000 |
| Total Increase | 292,000 |

The physical environment of the American Indian and Alaska Native in most locations throughout the United States is characterized by severe climatic conditions, rough, often treacherous geographical setting, and extreme isolation. Survival under these conditions attests to the ingenuity, adaptability and self-determination of these people.

This harsh environment, coupled with decades of economic deprivation with the resulting lack of basic environmental amenities has contributed greatly to the exceptionally high incidence of disease, and premature deaths, particularly among infants. Since the passage of P.L. 86-121 in 1959, the Indian Health Service has been constructing sanitation facilities for Indian and Alaska Native homes and communities. This fact, together with the growing accomplishments of housing programs of other Federal agencies, has done much to improve the environment of these people. However, many families still lack basic facilities and are subject to the serious health hazards associated with such environmental deficiencies. Other environmental conditions including insect and wild rodent vectors continue to result in sporadic epidemics on Indian reservations.

To combat these and other environmentally related problems, the staff of the environmental health program provides a wide range of environmental health services and engineering and technical support in the implementation of sanitation facilities projects, including those undertaken in coordination with Federal and tribal housing agencies.

Basic Environmental Health Activities

A continuing program of consultations and services is made available to Indian and Alaska Native families and communities to assist them in implementing a comprehensive environmental health program. These consultations and services help the Indian and Alaska Natives in identifying and correcting environmental conditions which are detrimental to their health status and in insuring sustained improvement in the quality of their lives. While still encompassing the traditional environmental concerns of the past, the services presently provided by IHS go far beyond, particularly with regard to consultative and technical services in connection with existing tribal enterprises and planned economic and community development projects. Services of an occupational health and safety nature are also being expanded. An essential element of these services is the emphasis on community guidance of program activities. This will permit the integration of those activities into the total health, social, and economic structure of Indian and Alaska Native communities.

In addition to the foregoing, the basic environmental health activities incorporate a consultative service to assure that a high level of environmental sanitation is maintained in Federal and other facilities serving Indians, particularly those of the Bureau of Indian Affairs and the Indian Health Service.

In the provision of these basic sanitation services, the Indian and Alaska environmental health aides/technicians are key members of the staff who help bridge the gap of cultural differences to bring modern environmental health practices to Indian communities and groups. These aides/technicians are trained by the Indian Health Service in the basic elements of environmental health and they, in turn, impart this knowledge to their own people. A number of Indian Environmental Health technicians have been selected for long term training which will provide them with necessary knowledge and technical skills to qualify for professional sanitarian positions. A few have already achieved this status.

## Sanitation Facilities Construction Activity

The sanitation facilities construction activity complements the basic environmental health activity by providing tangible support in those situations where the need for facilities exceeds the available resources of the Indian people. The Indian Health Service is authorized to provide this assistance under Public Law 86-121, the Indian Sanitation Facilities Act. The activity employs a coordinated Tribal-Federal attack to correct gross deficiencies in individual and community water supplies, liquid and solid waste disposal, and other sanitation facilities. Staffing to implement this work is supported under the Field Health program of the budget.

In the construction activity, Indians participate in project planning and construction and after being equipped and trained by the Indian Health Service, assume responsibility for the operation and maintenance of the completed facilities. In addition, Indian families, Tribes, Housing Authorities, and groups make contributions toward the project in the form of labor and materials to the extent deemed equitable and practicable.

## Plan of Work

It is estimated that 104,000 basic and special environmental health services of various types will be provided during 1975. This compares with a level of 102,000 services in 1973 and 1974. In addition, projects will be initiated to serve 13,025 homes with sanitation facilities in FY 1975. Of these, 8,000 will be new or improved homes being constructed under Federal or Tribal housing programs, 1,500 existing homes within or adjacent to housing project sites, and 3,525 existing homes at other locations. This compares with a 1973 level of 13,912 homes and a 1974 level of 11,989 homes.

(b) Dental - The 1975 estimate of 451 positions and $7,718,000 provides an increase of 21 positions and $469,000 over the 1974 estimate of 430 positions and $7,249,000.

Need for Increase

The requested increase consists of:

| | |
|---|---|
| Increases | |
| Mandatory: | |
| Statutory salary promotions | $ 69,000 |
| Full-year cost of 1974 increased pay cost | 81,000 |
| Increased cost of contractual services | 4,000 |
| Increased cost of supplies | 27,000 |
| Operation of Newly Constructed Facilities: | |
| Staffing of Tuba City Hospital (10 positions) | 12,000 |
| Staffing of Arapahoe Clinic (3 positions) | 40,000 |
| One additional Paid Day | 20,000 |
| Increased Requirements Resulting From 1974 Program Increases For: | |
| Increased Dental Services in Aberdeen and Billings Area (Rapid City Lab.) | 100,000 |
| Operation of health centers at Hugo, McAlester, and Eufaula, Oklahoma | 86,000 |
| Dental Services for Crow Tribe, Montana and Small Tribes of Western Washington (8 positions) | 30,000 |
| Total Increase | 469,000 |

The dental program of the Indian Health Service emphasizes preventive, educational and corrective services to school age children. In Fiscal Year 1973, 41.1 percent of the total estimated need for dental services was provided.

The following table and graph illustrate the proportion of needed dental services that the Indian Health Service was able to provide in Fiscal Year 1973. The chart clearly points up the program emphasis placed upon dental care to the young to achieve the greatest preventive result. Most adults receive only emergency services.

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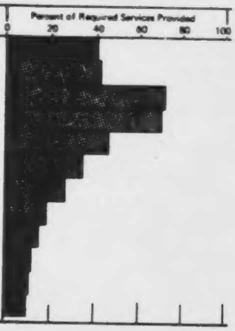
### PERCENT DENTAL SERVICES PROVIDED OF THOSE REQUIRED INDIAN AND ALASKA NATIVE POPULATION

Fiscal Year 1973

Direct and Indirect

| Age Group of Patients | Services Required | Services Provided | Percent Provided |
|---|---|---|---|
| ALL AGES | 2,100,042 | 863,067 | 41.1 |
| Under 5 | 103,780 | 44,404 | 42.8 |
| 5 – 9 | 364,906 | 258,447 | 70.8 |
| 10 – 14 | 305,130 | 212,943 | 69.8 |
| 15 – 19 | 267,906 | 120,820 | 45.1 |
| 20 – 24 | 162,485 | 56,720 | 34.9 |
| 25 - 34 | 276,758 | 73,380 | 26.5 |
| 35 - 44 | 243,863 | 44,186 | 18.1 |
| 45 – 54 | 176,481 | 27,867 | 15.8 |
| 55 – 64 | 119,288 | 15,004 | 12.6 |
| 65 – 74 | 58,675 | 7,148 | 12.2 |
| 75+ | 21,080 | 2,233 | 10.6 |



The number of people served increased 1.8 percent and the services provided increased 2.1 percent (all dental resources considered).

In 1974, after four years of development, a quality of care evaluation system was implemented for all dental clinicians in the IHS. Numerous opportunities to improve the quality of clinical work, record keeping, patient management, and community services were identified.

Plan of Work - 1975

Basic preventive and corrective services will continue with emphasis on maintaining and expanding services among the young. A gradual shift from a school controlled to a family oriented program will occur as the program becomes capable of providing more than emergency care to adults. College students and parents will receive primary attention among adults.

The water fluoridation surveillance system will continue with dental and environmental health staff working together to monitor Indian community water systems which have fluoridation equipment installed. Systems not functioning properly will be identified and corrective action will be taken, with Indian community leaders, to ensure that water fluoridation systems are operated properly in Indian communities.

## Trends in Clinical Services

| Persons Treated | 1972 | 1973 | 1974 est. | 1975 est. |
|---|---|---|---|---|
| Total dental program | 183,694 | 186,913 | 202,000 | 208,000 |
| Indirect | 30,365 | 30,865 | 38,000 | 38,000 |
| Direct | 153,329 | 156,048 | 164,000 | 170,000 |
| Population | 469,632 | 479,349 | 489,000 | 498,000 |
| Percent Served | 39.1% | 39.0% | 41.3% | 41.8% |

| Services Provided | | | | |
|---|---|---|---|---|
| Total dental program | 844,724 | 863,057 | 926,000 | 955,000 |
| Indirect | 126,548 | 134,148 | 166,000 | 166,000 |
| Direct | 718,176 | 728,909 | 760,000 | 789,000 |
| Services required per person | 4.5 | 4.38 | 4.30 | 4.20 |
| Services required | 2,098,861 | 2,100,042 | 2,101,000 | 2,091,000 |
| Percent Provided | 40.2% | 41.1% | 44.1% | 45.7% |

(c) Public Health Nursing - The 1975 estimate of 282 positions and $4,370,000 provides an increase of 4 positions and $188,000 over the 1974 estimate of 278 positions and $4,182,000.

## Need for Increase

The requested increase consists of:

### Increases

#### Mandatory:

| | |
|---|---|
| Statutory salary promotions | $ 57,000 |
| Full-year cost of 1974 increased pay cost | 42,000 |
| Increased cost of contractual services | 30,000 |
| Increased cost of supplies | 5,000 |
| Operation of Newly Constructed Facilities: | |
| Staffing of Tuba City Hospital (4 positions) | 4,000 |
| One additional paid day | 13,000 |
| Increased requirements resulting from 1974 Program Increase for operation of health centers at Hugo, McAlester and Eufaula, Oklahoma | 37,000 |
| Total Increase | 188,000 |

Public health nursing is the core of any public health program. The activities of the public health nurse include case finding, health teaching, counseling, and follow-up services to provide continuity of care in the home, school hospital, and clinic. These services are essential to an effective community generalized public health program. The public health nurse's unique contribution is through her first-hand knowledge of the families and their home situations, and through the impact of the nurse-family relationship as a therapeutic and teaching force. This places emphasis on the importance of sustained contact and on the inter personal facets of nursing practice. The public health nurse's effectiveness is largely dependent upon establishing and maintaining a relationship of mutual trust and respect, with the families served.

With the increasing number of the various types of indigenous auxiliary workers now being utilized, better distribution of professional and non-professional functions and greater teamwork are possible. Therefore, more of the professional public health nurse's time and effort will involve coordination of the "team effort", and supervision and guidance of the para-professional workers.

In addition, some public health nurses with additional special educational preparation are evolving into the new role of Family Nurse Practitioner, taking over some primary care functions formerly carried out only by the physician, thus further extending the services of the physician by freeing him for those services that truly require his skill and knowledge.

Plan of Work

In 1975, program efforts will be concentrated on coordination of team effort both within the public health nursing group and with other health personnel, particularly the Community Health Representatives and other indigenous auxiliary workers. Efforts will be further intensified in the following:

1. Initiating the expansion and strengthening of the total public health nursing program in the Tuba City Service Unit.
2. Follow-up of "high risk" families.
3. Strengthening of health teaching in homes, hospitals, clinics, schools, and the community, with the goal of preventing disease or retarding its progress; reducing the ill effects of unavoidable disease; teaching a member of the family to give nursing care to the non-hospitalized sick and handicapped; development of and

practice of habits conducive to health; and increasing the capability of families, groups, and communities to cope with health problems that arise and with problems of daily living.

4. Provision of counseling and guidance in health and family living to teenagers and young adults.

5. Prevention of complications of pregnancy and improvement of the general health status of expectant mothers and their infants by getting them under care early in pregnancy, and through family planning education.

6. Further reduction of infant morbidity and mortality through early visits to new infants, and by giving highest priority to infants in high risk families.

7. Prevention of infectious disease in infants and children by achieving and maintaining a high level of immunization.

In FY 1975, it is estimated that public health nursing services will be provided to approximately 29,200 families as compared with 28,635 in 1973 and 29,000 in 1974. This constitutes about 28% of Indian families.

(d) Health Education - The 1975 estimate of 100 positions and $1,900,000 provides an increase of 1 position and $67,000 over the 1974 estimate of 99 positions and $1,833,000.

Need for Increase

The requested increase consists of:

| Increases | |
|---|---|
| Mandatory: | |
| Statutory salary promotions | $34,000 |
| Full-year cost of 1974 increased pay cost | 21,000 |
| Increased cost of contractual services | 1,000 |
| Increased cost of supplies | 4,000 |
| Operation of Newly Constructed Facilities: | |
| Staffing of Tuba City Hospital (1 positions) | 1,000 |
| One additional paid day | 6,000 |
| Total Increase | 67,000 |

The health education program of the Indian Health Service is designed to assist the Indians and Alaska Natives to assume greater individual, family, and community responsibility in health matters through involvement and participation in community and health related activities.

The aim of the program is to provide all patients in medical care facilities with specific and organized health education activities to prevent recurrence and spread of diseases and to provide Indian populations with health education experiences designed to reduce the risk from disease and injury.

Plan of Work

In 1975 emphasis will continue to be placed on efforts to achieve greater involvement of the Indian and Alaska Natives in their own health affairs in order to enhance:

1. the development of Indian leadership in the assumption of responsibility for health matters, and to involve more completely other agencies that have potentials for contributing to improving the health of Indian population.

2. community acceptance and use of health care services and preventive resources.

3. the development of decision-making skills among the Indian and Alaska Natives.

4. opportunities for use of educational potentials in health program planning and operation.

5. coordination of activities to incorporate health instruction in the curriculum of schools; encourage the health instruction concept among teacher; tie in community education programs with school health projects to increase knowledge of wholesome living conditions.

(e) Field Medical Services - The 1975 estimate of 1,382 positions and $47,340,000 provides an increase of 38 positions and $7,803,000 over the 1974 estimate of 1,344 positions and $39,537,000.

Need for Increase

The requested increase consists of:

| | |
|---|---|
| Increases | |
| Mandatory: | |
| Statutory salary promotions | $289,000 |
| Full-year cost of 1974 increased pay cost | 230,000 |
| Full-year cost of 1974 wage board increases | 63,000 |
| Increased cost of contractual services | 301,000 |
| Increased cost of supplies | 147,000 |
| Operation of Newly Constructed Facilities: | |
| Staffing of Tuba City Hospital (27 positions) | 31,000 |
| Staffing of Arapahoe Clinic (1 position) | 10,000 |
| Full-year cost of 250 CHR's trained in 1974 | 2,680,000 |
| Increased contractual level of 718 CHR's employed in 1974 | 436,000 |
| Increased contractual level of 250 CHR's in training in 1975 | 364,000 |
| Increased contractual level of 185 ANCHAT's employed in 1974 | 762,000 |
| One additional paid day | 56,000 |
| Continuation of Pilot Urban Health Projects, Appropriated in 1973 | 482,000 |
| Increased Requirements Resulting From 1974 Program Increases for: | |
| Ambulatory Care, which include Eye Care Program | 25,000 |
| Operation of health canters at Hugo, McAlester, and Eufaula, Oklahoma | 224,000 |
| Mental Health (10 positions) | 127,000 |
| Leasing of Alaskan health clinics | 291,000 |
| Funding of programs previously funded by Department of Labor | 350,000 |
| Sub-Total - Mandatory Increases | 6,868,000 |
| Program | |
| Ambulatory Care for Field Clinics | 935,000 |
| Total - Increase | 7,803,000 |

AMBULATORY CARE - $935,000

An increase of $935,000 is requested for ambulatory care in the field medical services activity. This is to support outpatient and preventive health services provided at health centers and health stations. The health stations are operated part time by staff from the fixed facilities to provide services to the more isolated Indian and Alaska Native communities that do not have easy access to major Indian Health facilities. Patients receive primary health care at the health centers and stations. Those requiring more definitive care are referred to hospitals. Follow-up services are also provided after hospitalization. The preventive health services include a vast range of activities such as prenatal and post-natal care, family planning consultation and services, well-child clinics, school health, control of communicable diseases including immunization and screening and follow-up of cases and contacts, e.g., tuberculosis, venereal diseases and trachoma, early detection and prevention of chronic diseases such as diabetes, deficiency diseases and mental health. A mental health program, including alcohol control and prevention provides basic services to the Indian people spread over vast areas with no other access to mental health resources. This is an integral part of improving the general health of Indian people to fulfill their potential in society. A maternal and child health program, including family planning and care of high risk mothers and babies, is a high priority program, and included in the curative and preventive services.

Plan of Work

The Field Medical Services program functions through a system of 83 centers (including 26 school health centers), and several hundred smaller health stations and satellite clinics. It provides a full range of ambulatory medical care, preventive care, and public health services to the Indian and Alaska Native people. In addition, the field medical program provides specialized clinics for the communities in such activities as immunization programs, well-baby clinics, and pre- and post-natal clinics, as well as programs for otitis media, trachoma, venereal diseases, diabetes, family planning, and mental health services, etc. The field medical program provides medical support to the field health program, which extends health services into the community and homes, providing counseling and other health information and services to residents of the locale being served. It also supports the hospital program by providing post hospitalization after care to recently discharged patients. The volume of outpatient visits for preventive and therapeutic medical services at the health centers and health stations is estimated at 1,067,000 for 1975. This compares with an estimated 1,033,000 in 1974 and 998,500 in 1973. These increases in outpatient visits will provide for additional therapeutic and preventive health services for such health problems as mental health, venereal diseases, tuberculosis, maternal and child health, family planning, and crippling conditions among children such as otitis media, cleft palate, orthopedic conditions, and congenital heart disease.

The growing participation of Indian and Alaska Native people in all phases of planning, operation and evaluation of the Indian Health Service health delivery system will be continued in 1975. In carrying out the field medical services program, the following areas of health services delivery will be emphasized:

1. The major thrust will continue to be the provision of high quality health care, with a strong emphasis on provision of ambulatory care services.

2. A very close rapport has developed between the Indian and Alaska Native people and the Indian Health Service field medical team. This rapport has been reinforced by the Community Health Representatives and Alaska Community Health Aides. These Indian people are, in many instances, a major link between health needs and health resources. In Alaska, they are the only people with health training in residence.

   The function of Community Health Representatives is to act as liaison between community residents, existing health resources, and community health activities; to promote local participation in health programs; locate new health resources, devise innovative and more effective ways to utilize resources that are available; and to carry out other tribally defined, high priority health functions. Trained by the Indian Health Service, they work in their communities for their respective tribes who are under contractual arrangement with the Indian Health Service. The 1975 budget provides for the employment of 968 representatives serving Indian people in the contiguous United States, and an additional 250 to be trained during the year. There will also be 185 Alaska Native Community Health Aides delivering services to residents to 156 isolated villages in Alaska. These health aides are trained to perform a wide range of medical services under professional supervision received via shortwave radio or telephone. For the last two years, the physician-health aide communication has been via satellite for fourteen villages in the Tanana Service Unit; this satellite capability will be upgraded in June 1974 on an experimental basis to include video communications between physicians and selected villages.

3. In 1975 there will be continued emphasis on tribally operated programs in such areas as maternal and child health, alcoholism, nutrition, family planning, drug abuse, and suicide prevention.

4. Efforts will be intensified in purchasing other services from the tribes wherever possible. This would include such services as maintenance of water and sewer systems, leasing of building space, transportation systems, utilities, communication systems, etc.

5. Three additional Pilot Urban Health Projects are now established modeled after the Minneapolis Plan which has been in operation since FY 1972. These projects are designed to identify and seek solutions for health problems in metropolitan areas. Additional Pilot Urban Indian Health Projects are being initiated in FY 1974.

6. The program of leasing health clinics for Alaska Native groups will be continued in 1975.

As noted in the narrative justification for the direct care program, $350,000 is requested to fund programs previously funded by the Department of Labor.

### ITEMIZATION OF ESTIMATE
### Field Health Services

| | | Actual 1973 | Amount Available 1974 | Estimate 1975 | Increase (+) Decrease (-) |
|---|---|---|---|---|---|
| 11 | Personnel compensation | $26,284,120 | $28,877,000 | $31,082,000 | + $2,205,000 |
| 12 | Personnel benefits ...... | 4,467,523 | 4,587,000 | 4,805,000 | + 218,000 |
| 21 | Travel and transportation of persons............ | 2,888,618 | 3,159,000 | 3,160,000 | + 1,000 |
| 22 | Transportation of things | 1,066,554 | 1,106,000 | 1,070,000 | - 36,000 |
| 23 | Rent, communications, and utilities .............. | 1,650,344 | 1,814,000 | 2,233,000 | + 419,000 |
| 24 | Printing and reproduction | 112,914 | 135,000 | 135,000 | --- |
| 25 | Other services .......... | 12,751,562 | 16,382,000 | 22,587,000 | + 6,205,000 |
| 26 | Supplies and materials .. | 2,763,976 | 3,369,000 | 3,598,000 | + 229,000 |
| 31 | Equipment ............... | 1,485,683 | 1,561,000 | 1,139,000 | - 422,000 |
| 32 | Lands and structures .... | 44,225 | --- | --- | --- |
| 42 | Insurance, claims, and indemnities ............ | 10,991 | --- | --- | --- |
| | Subtotal ............ | 53,526,510 | 60,990,000 | 69,809,000 | + 8,819,000 |
| | Deduct quarters and subsistence charges | -165,762 | -166,000 | -166,000 | --- |
| | Net obligations .......... | 1/2/ 53,360,748 | 1/2/ 60,824,000 | 1/ 69,643,000 | + 8,819,000 |

1/ Excludes reimbursements as follows:
1973 - $112,720
1974 - $113,000
1975 - $113,000

2/ Reflects a 1975 comparative transfer - $+111,000 from "Office of Assistant Secretary for Health", for Commissioned Officer Personnel Functions.

INDIAN HEALTH SERVICES
3. Program Management

| | Actual 1973 | Amount Available 1974 | Estimate 1975 |
|---|---|---|---|
| Program Management | $2,726,127 | $2,992,000 | $3,147,000 |

The 1975 estimate of 128 positions and $3,147,000 provides an increase of $155,000 over 1974.

Need for Increase

The requested increase consists of:

| | |
|---|---|
| Mandatory Increases: | |
| Statutory salary promotions | $ 49,000 |
| Full-year cost of 1974 increased pay cost | 36,000 |
| Increased cost of contractual services | 59,000 |
| Increased cost of supplies | 1,000 |
| One additional paid day | 10,000 |
| Total increase | 155,000 |

The Indian Health Service headquarters staff, which is required to effectively direct a widely dispersed and extremely complex health service program, is funded under this title. This staff includes (1) positions specializing in the field of curative and preventive health, (2) staff engaged in such specialized fields as nutrition, medical social work, statistics, financial management, program planning, and general services.

The 1975 estimate of $3,147,000 for the Administration activity provides for a continuation of operation in 1975 comparable to that of 1974.

## ITEMIZATION OF ESTIMATE
Program Management

| Obligations by Object | Actual 1973 | Amount Available 1974 | Estimate 1975 | Increase (+) Decrease (-) |
|---|---|---|---|---|
| 11 Personnel compensation | $1,950,770 | $ 2,360,000 | $ 2,446,000 | $ +86,000 |
| 12 Personnel benefits | 239,952 | 294,000 | 303,000 | + 9,000 |
| 21 Travel and transportation of persons ............ | 133,325 | 140,000 | 140,000 | — |
| 22 Transportation of things | 10,312 | 10,000 | 10,000 | — |
| 23 Rent, communications, and utilities ............. | 87,343 | 87,000 | 87,000 | — |
| 24 Printing and reproduction | 2,029 | 1,000 | 1,000 | — |
| 25 Other services .......... | 269,761 | 77,000 | 136,000 | + 59,000 |
| 26 Supplies and materials .. | 17,733 | 15,000 | 16,000 | + 1,000 |
| 31 Equipment ............... | 14,902 | 8,000 | 8,000 | — |
| Subtotal .............. | 2,726,127 | 2,992,000 | 3,147,000 | +155,000 |
| Deduct quarters and subsistence charges .................... | — | — | — | — |
| Net obligations ............. | 2,726,127 1/ | 2,992,000 1/ | 3,147,000 | +155,000 |

1/ Reflects a 1975 comparative transfer - $2,000 from "Office of Assistant Secretary for Health", for Commissioned Officer Personnel Functions.

ITEMIZATION OF ESTIMATE
Department of Health, Education and Welfare
Health Services Administration
Activity Title: Indian Health Services

|  | Actual 1973 | Amount Available 1974 | Estimate 1975 | Increase (+) Decrease (-) |
|---|---|---|---|---|
| Obligations ... | $175,408,827 | $200,337,101 | $226,043,000 | +25,705,899 |
| Unobligated balance lapsing | 132,246 | ... | ... | ... |
| Budget Authority | 175,541,073 | 200,337,101 | 226,043,000 | 25,705,899 |
| Transferred to Operating expenses, public building service, GSA.... | +98,927 | +117,899 | ... | -117,899 |
| Comparative Transfer to "Departmental Management, Office of the Secretary"...... | +47,000 | +34,000 | ... | -34,000 |
| Comparative Transfer from "Office of Assistant Secretary for Health", for Commissioned Officer's Personnel Functions.. | -205,000 | -205,000 | ... | +205,000 |
| 1974 Proposed Transfer for Increased Pay Cost ......... | ... | -9,410,000 | ... | +9,410,000 |
| 1974 Proposed Supplemental for CMC, ANCHAT and Ambulatory Care.. | ... | -6,591,000 | ... | +6,591,000 |
| Appropriation .. | 175,482,000 | 184,283,000 | 226,043,000 | +41,760,000 |
| 11 Personnel compensation | 82,665,840 | 89,870,000 | 95,902,000 | +6,032,000 |
| 12 Personnel benefits .... | 12,621,208 | 13,390,000 | 13,985,000 | + 595,000 |
| 21 Travel and transportation of persons .. | 6,523,426 | 6,703,000 | 6,737,000 | + 34,000 |
| 22 Transportation of things ... | 2,244,431 | 2,327,000 | 2,272,000 | - 55,000 |
| 23 Rent, Communications, and utilities ... | 5,946,202 | 6,140,101 | 10,001,000 | +3,860,899 |
| 24 Printing and reproduction .. | 515,313 | 364,000 | 364,000 | ... |
| 25 Other services ... | 49,313,978 | 62,857,000 | 77,903,000 | +15,046,000 |
| 26 Supplies and materials .. | 12,449,211 | 15,302,000 | 16,254,000 | + 952,000 |
| 31 Equipment ... | 3,092,180 | 4,178,000 | 3,419,000 | - 759,000 |
| 32 Lands and structures .. | 800,261 | ... | ... | ... |

| | Actual 1973 | Amount Available 1974 | Estimate 1975 | Increase (+) Decrease (-) |
|---|---|---|---|---|
| 42 Insurance, claims, and indemnities.. | 30,558 | ... | ... | ... |
| Sub-Total | 176,202,608 | 201,131,101 | 226,837,000 | +25,705,899 |
| Deduct quarters and subsistence charges ....... | -793,781 | -794,000 | -794,000 | ... |
| Total Obligations | 175,408,827[1] | [2][3] 200,337,101[1] | [3] 226,043,000[1] | +25,705,899 |

[1] Excludes reimbursements as follows: 1973 - $1,441,529; 1974 - $1,715,000; 1975 - $1,715,000.

[2] Reflects a 1974 comparative transfer - $13,000; to "Departmental Management, Office of the Secretary".

[3] Reflects a 1975 comparative transfer $205,000 from "Office of Assistant Secretary for Health", for Commissioned Officer Personnel Functions; reflects a 1975 Comparative Transfer - $34,000 to "Departmental Management, Office of the Secretary".

## Indian Health Services

### Summary of Positions and Average Employment

### Positions

| Activity | 1973 | 1974 | 1975 |
|---|---|---|---|
| Patient Care: | | | |
| Direct | 4,835 | 4,963 | 5,206 |
| Indirect | 40 | 40 | 40 |
| Total Patient Care | 4,875 | 5,003 | 5,246 |
| Field Health Services: | | | |
| Sanitation | 466 | 469 | 474 |
| Dental | 407 | 430 | 451 |
| Public Health Nursing | 275 | 278 | 282 |
| Health Education | 99 | 99 | 100 |
| Field Medical Services | 1,231 | 1,344 | 1,382 |
| Total Field Health | 2,478 | 2,620 | 2,689 |
| Program Management | 128 | 128 | 128 |
| Total | 7,481 1/ | 7,751 1/ | 8,063 1/ |

### Average Employment

| Activity | 1973 | 1974 | 1975 |
|---|---|---|---|
| Patient Care: | | | |
| Direct | 4,905 | 4,901 | 5,015 |
| Indirect | 37 | 36 | 36 |
| Total Patient Care | 4,942 | 4,937 | 5,051 |
| Field Health Services: | | | |
| Sanitation | 406 | 410 | 411 |
| Dental | 403 | 407 | 429 |
| Public Health Nursing | 253 | 246 | 247 |
| Health Education | 89 | 95 | 95 |
| Field Medical Services | 1,218 | 1,190 | 1,251 |
| Total Field Health | 2,369 | 2,348 | 2,433 |
| Program Management | 117 | 122 | 122 |
| Total | 7,428 2/ | 7,407 2/ | 7,606 2/ |

1/ Excludes reimbursable positions as follows: 1973-54; 1974-54; 1975-54.

2/ Excludes reimbursable average employment as follows: 1973-54; 1974-54; 1975-54.

### INCLUSION OF 1974 SUPPLEMENTAL AND PAY ACT TRANSFERS

Mrs. HANSEN. It is important to note at this point that the justifications show an appropriation level for fiscal year 1974 which includes pending supplemental estimates of $16,001,000 which are still pending in Congress. Therefore, the increases shown are actually larger if the comparison is made to actual appropriation to date, is that correct?

Dr. JOHNSON. That is correct.

Mr. CHADWICK. And $9,410,000 of the $16,001,000 as you notice will be by appropriation transfer and $6,591,000 by supplemental. I mean it is just the mechanics of it.

Mrs. HANSEN. At this point in the record please insert a summary of your appropriations from the year 1960 through 1974. I think it is important for Congress to realize the recognition that they fiscally have given the Indian Health Service.

[The information follows:]

INDIAN HEALTH SERVICE

HISTORY OF APPROPRIATION (EXCLUDES TRANSFERS)

| | Indian health services | Indian health facilities |
|---|---|---|
| 1960 | $45, 700, 000 | $4, 787, 000 |
| 1961 | 50, 271, 000 | 9, 714, 000 |
| 1962 | 53, 010, 000 | 8, 285, 000 |
| 1963 | 56, 836, 250 | 9, 335, 000 |
| 1964 | 58, 960, 750 | 6, 100, 000 |
| 1965 | 62, 940, 000 | 8, 835, 000 |
| 1966 | 67, 548, 000 | 14, 096, 000 |
| 1967 | 75, 536, 000 | 14, 489, 000 |
| 1968 | 84, 862, 000 | 16, 848, 000 |
| 1969 | 94, 350, 000 | 18, 156, 000 |
| 1970 | 107, 724, 000 | 20, 952, 000 |
| 1971 | 125, 974, 000 | 18, 715, 000 |
| 1972 | 155, 333, 000 | 30, 442, 000 |
| 1973 | 175, 482, 000 | 44, 549, 000 |
| 1974 | 184, 283, 000 | 49, 927, 000 |

### STOWW PROGRAM

Mrs. HANSEN. What is the status of your program with the STOWW?

Mr. CHADWICK. We met with that group recently.

Mr. Cloquet is the head of the STOWW organization and he was very pleased we were developing that together.

### 1975 REQUEST FOR DIRECT PATIENT CARE

Mrs. HANSEN. You are requesting an increase of $12,303,000 for direct patient care; $10,963,899 of the increase is considered "mandatory;" the remaining $2,315,000 is a program increase for ambulatory care for hospital outpatient departments.

Please summarize how mandatory increases are calculated. What are the major elements of these increases? How do these increases compare, on a percentage basis, with similar increases in recent years?

Mr. CHADWICK. I could go through those quickly. The statutory salary promotions are standard and do occur, with the within grade promotions. The pay cost is the full year cost of the 1974 salary increases, and the wage board being the same.

Now the next three items: contractual services, supplies and maintenance, and repair, carry a 7-percent increase per contract, 6 percent for supplies and 10 percent for maintenance and repair. That compares favorably with what we had had in the past, exclusive of this most recent year.

It is not at all responsive to our current experience. So what we have done is to budget on the basis of what had been the situation, and there was an abnormal year and we did not put in unusual price increases like 23 percent for food and so on, in supplies.

The hospital that we mentioned is to open at Tuba City, Ariz. That will be open and staffed for 1 month of the fiscal year. Of the total 218 staff that we will be adding there, 171 of those will be in the hospital direct-care program and the remaining 47 in our field health program, so the cost of those 171 positions for that 1 month is $247,000.

The $648,000 is the equipment for the new Zuni Hospital. You will notice at the bottom of the page we have a nonrecurring item of $975,000 where we did equip the Tuba City Hospital. We do not need that annually.

The additional day's pay speaks for itself.

We pay additional costs for Bureau of Employee Compensation and such matters as the central payroll and services we can buy from the computers and the FTS telephone system. That is an increase of $393,000.

### INCREASE FOR GENERAL SERVICES ADMINISTRATION RENTAL COSTS

The $3,412,000 is a significant item of a change in legislation with the General Services Administration, whereby, of the many locations that they have been budgeting for our rental, the amendments in 1972 of Public Law 92-313 dealing with that subject says that we now pay the General Services Administration—like in Tucson, where we have our training center—whatever it would cost the General Services Administration to rent that much space in Tucson, like $6 a square foot. We pay them that amount for it without regard to how much they are able to get it for. Then the sum total——

Mrs. Hansen. Every department faces these General Services Administration rental costs.

Mr. Chadwick. So assuming we had none of this rental and were renting it today it would cost us $3,412,000 to do it. We give them that amount of money and they in turn rent it for what they can and that develops their revolving fund, we understand, to work with.

Mr. Yates. What could you get it for if you did not rent it through General Services Administration?

Mr. Chadwick. It varies, Mr. Yates, from time to time. In some cases the cost we would now pay is doubled from what it has been. In some cases it closely approximates it. There are no two the same because at the time of our rental and the conditions we rent it in are different.

I could not tell you what the differences are. We do not have those good figures.

Mr. Yates. You don't know whether General Services Administration makes an advantageous deal for you or not then, do you?

Mr. Chadwick. Yes, sir, we know what we are now paying in many places and what it would cost.

Mrs. HANSEN. Would you please give us a couple of examples. I am not about to have General Services Administration make money out of an appropriation where they have no input.

Mr. CHADWICK. In Tucson, the place I mentioned, we are currently paying $130,000. This would cost us $339,000.

Mrs. HANSEN. What excuse do they give for this increase in cost?

Mr. CHADWICK. Because the training center we have there, we have a good lease on it. We were able to negotiate a good lease with a lot of space.

Mrs. HANSEN. Why isn't it perfectly proper for you to continue that lease until it runs out?

Mr. CHADWICK. This is their lease.

Mrs. HANSEN. Then why do they want to change it?

Mr. CHADWICK. As we understand it was a law enabling GSA to establish a revolving fund.

Mrs. HANSEN. I had some misgivings about that law. They are going to accumulate a great deal of money from agencies like the Indian Health Service and construct what they please.

You should have the same basic charge until your leases expire.

I think this is fiscally reprehensible.

### INCLUSION OF THE 1973 AND 1974 CONGRESSIONAL INCREASES IN THE 1975 REQUEST

Mr. CHADWICK. If you will bear with me on the next item or two, I need a bit of explanation for that.

As you recall, last year we were up explaining a proposed recision of the $6,208,000 and reprograming $1.5 million of that for funds which we used to get from the Department of Labor.

In the meantime, the Congress reviewed the 1974 appropriation and added $7.3 million to that account. In some cases, since the use of the $6,208,000 had not been resolved, there were duplications of items to be restored in case they were not released in the $6,208,000.

The remaining $4,708,000 that was not reprogramed was released in the amount of $1,974,000, June 13, 1973, and the remaining $2,734,000 in August 1973, by action of Congress to reappropriate the funds.

Now in some cases—one more point: That $4,708,000 was not carried forward in the base of the 1974 request to you, either.

Mrs. HANSEN. Why wasn't it carried forward?

Mr. CHADWICK. Because it was proposed to be rescinded and therefore it was not put in the 1974 budget.

So that $1,177,000 that you see in the next item is the original $1.1 million added for the California Rural Health Board that was released in August but not being in the 1974 budget would not carry it forward into the 1975 base. That is the 1.1 with a cost index to make it $1,177,000.

The next item of $116,000 is that same item——

Mrs. HANSEN. That is in this budget.

Mr. CHADWICK. It is in this budget. All of those items, the whole mix of the 1973 and 1974 additions have been brought forward and based in this budget.

BEST COPY AVAILABLE

Rather than giving each one of them as we come to them, this involves ambulatory care, it involves dental lab in Rapid City, it involves a mental health program and leasing at Alaska.

I can mention each of those, how they are included.

### FUNDING SUPPORT IN 1975 BY IHS FOR PROGRAMS FORMERLY FUNDED BY THE DOL

Now the next million dollars—you will recall last year we told you in the President's special $10 million funding program—we had been getting $3 million from Labor, which—they did not put up a million and a half. This time they did not put up the remaining $1,350,000, so we are budgeting that again in our budget instead of not getting it from Labor.

A million dollars of it is under direct care and we will find the other $350,000 under field health when we get to it. That which originally came from Labor is now all in our appropriation.

Now as Dr. Johnson mentioned to you earlier, our supplemental this year, of the $6,591,000 includes $1,250,000 for ambulatory care for one-quarter, which, in the 1975 budget, amounts to $4.5 million.

The $2,315,000 is three-quarters pay and the first $900,000 will be in the supplemental, so that $900,000 plus the $2,315,000, will be that part—it will be $3,215,000 of the $4,500,000 under direct care.

The remainder will be under field medical services which we will when we get to it.

I know that has been a long trail through those items but I thought I should explain them.

Mrs. HANSEN. It is as bad as some of those Navajo roads.

Dr. JOHNSON. I think, Madam Chairman, to sum up what Mr. Chadwick said, it was an extraordinary problem to get all of these various items of congressional add-on items sorted out in such a way that we could come to you for the 1975 budget and say: "We have put back in here all of the things that you originally had wanted to have." I think in all fairness to the Department, they have made a real effort with us to be sure that all of the things that the Congress in 1973 said you wanted to have happen, and approved to have happen, have now been restored.

Mrs. HANSEN. They are in the budget this year?

Dr. JOHNSON. They are in the basic budget. To the best of our ability we have everything in here as neatly as we possibly could, from that 1973 problem.

Mrs. HANSEN. I think you have done very well.

Of course, you know the Congress felt a very great responsibility for these items. If you had sat here the day the committee heard the outside witnesses and heard Mrs. Wauneka from the Navajo Nation present the needs, it would be impossible to say, "No, we are going to allow this many people to go without any care whatsoever."

### ACCREDITATION OF IHS HOSPITALS

How many of your hospitals are accredited?

Dr. JOHNSON. We have 51 hospitals, Madam Chairman. There are 21 that are now accredited.

Mrs. HANSEN. That is the same as last year?

Dr. **Johnson**. That is right. There has been no change.

Mrs. **Hansen**. What are you doing to correct it?

Dr. **Johnson**. Obviously, in several instances the only way that we are going to resolve it is through construction. For example, the Claremore Hospital lost accreditation 2 or 3 years ago clearly on the basis of the physical plant.

We are not likely to get that one accredited until the new facility is built. The same is true for the Santa Fe Hospital. That lost accreditation 2 or 3 years ago really on the basis of physical plant.

We have planning money for Santa Fe and at the earliest opportunity we will be asking for construction funds for it. That is one thing.

Mr. **Yates**. What is the effect of the loss of accreditation?

Dr. **Johnson**. A couple things, Mr. Yates. One is, it does not make us very happy to feel that a hospital we are attempting to deliver care through to people—human beings—has been judged by the national standards of quality, and determined to be deficient. I think that bothers me.

The second part is that for some of the training activities—and this goes right back to the problem with the physicians—some service in an Indian hospital, for example, can be considered against a doctor's experience for board certification in one of the specialties, if it is done in an accredited hospital. If your hospital is unaccredited, you do not have that attraction for them, either. One of the things I think is going to be increasingly necessary is to arrange relationships with medical schools and other teaching hospitals so we can share a staff and get some backup support——

Mrs. **Hansen**. A medical school will not admit anyone in a non-accredited hospital.

Dr. **Johnson**. For those two reasons it is significant to lose accreditation. To me the first one is the most important. The fact that I believe—and I have said this to the committee many times—to me there should be only one class of medical care and it ought to be first class.

I think our program ought to meet the same standards that are set for general community hospitals in this country and I think anything less than that, to me, professionally, is simply not acceptable.

Mr. **Yates**. How have you been hurt by loss of accreditation?

Dr. **Johnson**. Well, the major reason that we, as a program, are hurt, of course——

Mr. **Yates**. You just stated why you have been hurt as a program but have you been hurt on any specific basis?

Mrs. **Hansen**. Dr. Johnson, you have hospitals in the Indian Health Service that, frankly, are not fire-safe.

Dr. **Johnson**. That is correct.

### NEED TO REPLACE HOSPITALS

Mrs. **Hansen**. I happen to have been in some of those hospitals.

Dr. **Johnson**. On the first one, Madam Chairman, we have really made a tremendous effort over the last several years to eliminate the fire safety hazards. We have really in a sense stolen from our routine maintenance to get the fire safety things up.

We will have at the end of this next fiscal year all of the hospitals meeting the national fire and safety standards that are capable of meeting it. Now that is still going to leave us 16 for which there is no hope. That is No. 1. So nothing has happened yet but what do you do when you have a hospital that you know does not meet those standards and there is no reasonable way short of replacing it to meet it, if something happens?

Mr. YATES. How many are there?

Dr. JOHNSON. We will end up with about 16 of them.

Mrs. HANSEN. You reach a point where your maintenance costs are at such a level that it would be cheaper to construct a new facility. Isn't this true? We have this in all our facilities.

Dr. JOHNSON. The useful life of a hospital is determined by the experts to be somewhere in the neighborhood of 30 years to 40 years. We have about 31 of our hospitals that were built in the years from 1900 to 1939.

Mr. YATES. How many of those, 31?

Dr. JOHNSON. Thirty-one of our hospitals. We have hospitals that are as much as 74 years old. Now in no way are you going to be able to bring that kind of facility up to standard.

What we have been doing over the last several years is trying to put in place the process by which you first of all address the bringing up to standards those that you can do and then putting in place for replacement those that it is simply unfeasible to do.

Mrs. HANSEN. The committee will adjourn until 1 p.m.

### AFTERNOON SESSION

### POPULATION SERVED BY IHS HOSPITALS

Mrs. HANSEN. The committee will come to order.

Please insert in the record the total population that your 51 hospitals serve, Mr. Chadwick.

Mr. CHADWICK. Be glad to.

[The information follows:]

The 51 IHS hospitals serve approximately 429,000 Indians and Alaska Natives. The balance of the 69,000 Indian people are served by contract hospitals.

### 1974 AND 1975 REQUEST FOR INDIRECT CARE

Mrs. HANSEN. You are requesting an increase of $4,428,000 for indirect health care. Do you want to explain what this involves.

Mr. CHADWICK. Yes, and if I may, Madam Chairman, I would like to explain this year's supplemental. It would make more sense to do this.

As you recall, the committee last year added a $2.1 million program increase to this program. Of the supplemental coming before this committee, $5,091,000 will be for contract care. $912,000 of that amount would be the cost index carried forward from 1973, $800,000 for the 1974 cost of some 14 percent, and the interagency rate changes were an additon of $1,227,000. Then there is a $2.152 million program increase.

So what I wanted to bring out was that while the $4,428,000 in the 1975 budget is cost index items, it does bring forward the $4 million increase, in this year which was added by the Congress and is in the supplemental.

Mrs. HANSEN. The $4.2 million contained what items?

Mr. CHADWICK. The $4.2 million was a $2.1 million addition by the Congress for contract care, and it is a supplemental of $2.152 million for backlog contract care.

For example, that will have the impact in 1974 and 1975 of reducing the current cost backlog of some $23 million to $15.6 million.

Mrs. HANSEN. In your current computations have you included the medical care program of the Ute Mountain Tribe?

Mr. CHADWICK. Yes, ma'am. That is $180,000 in total. Of the $2.1 million added this year, $100,000 was for the Ute Tribe.

### FUNDING OF NEW HEALTH CENTERS AT HUGO, MCALESTER, AND EUFAULA, OKLA.

Mrs. HANSEN. Are the health centers at Hugo, McAlester, and Eufaula also included?

Mr. CHADWICK. That is not under this program. That is under the Field Medical Services, which we do have provided for. The Congress last year added half a million dollars for those items.

This year's budget carries those programs forward in the amount of $390,000 additional to make a total of $890,000 for those three.

### FUNDING OF CALIFORNIA RURAL INDIAN HEALTH BOARD

Mrs. HANSEN. What have you included for the California Rural Indian Health Board? Last year the committee added funds for this program.

Mr. CHADWICK. Let me put it all together.

We had $1,050,000 initially. The committee added $1.1 million to that and a half million, so it is the sum of those three figures together.

Mrs. HANSEN. Which is?

Mr. CHADWICK. $2.65 million.

### COMMUNITY HEALTH REPRESENTATIVES

Mrs. HANSEN. Last year we added $500,000 for the community health representatives. Has that been included in the base for this year?

Mr. CHADWICK. That is in the base together with the previous $247,000 you added for 1973. We are training 250 a year of those, Madam Chairman.

Mrs. HANSEN. In what areas are these 250 going to be assigned?

Dr. JOHNSON. Of the 250 for this year, fiscal year 1974, Madam Chairman, 45 of them went to Aberdeen, 34 went to Albuquerque, 17 to Billings, 40 to Navajo, 56 to Oklahoma, 24 to Phoenix, 19 to Portland, 9 to Tucson, and 6 to United Southeast Tribes.

Mrs. HANSEN. Where will the 1975 community health representatives be assigned?

Dr. JOHNSON. We wouldn't be able to forecast specifically here——

Mrs. HANSEN. But it will be the same pattern?

Dr. JOHNSON. Same general pattern; yes. I would like to take just a moment to follow up on something that was raised earlier this morning—we were talking about transportation, emergency care, and so forth—to share with you how the CHR program is developing.

You know on Navajo the problem. Somebody gets in a wreck along the road and there is nobody there to pick him up. When you do the police come out and they have not been trained and so forth.

The Navajo Tribe has taken somewhere around 20 of their CHR's that they are getting this year of this addition that you put on, and they are now being trained starting this month as emergency medical technicians, and with ambulances that they got through the Four Corners Commission the Navajo Tribe will in fact have an emergency medical system in operation over the Navajo Reservation——

Mrs. HANSEN. That will reach all segments of the Navajo Reservation?

Dr. JOHNSON. Yes. There is only one hitch at the moment, which is in the communication system, and the tribe was meeting with the Robert Wood Johnson Foundation within the last few days to see if they couldn't get a grant from the foundation to put in place a communications system, so you would have then really first rate emergency medical service.

This is the way that the tribes have used these CHR's to put in really high priority programs.

Mr. CHADWICK. Madam Chairman, you may be interested to know that through 1975 that would produce a total of 1218 CHR's in the program together with 185 ANCHATS in Alaska.

Mrs. HANSEN. What percent of the total need will be met by the 1975 request? Do you have to have a continuing training program to replace those who may decide to leave?

Dr. JOHNSON. The answer to both your questions is, I guess, yes. You will require continually training because you have some turnover, No. 1, and, second, as the tribe gains experience in operating programs they are converting their generalized aides, their health representatives, really into deliverers of health care.

Let me give you a couple of examples.

The Papago Tribe is now running their own nutrition program. The nutrition technicians are tribal employees trained by us but working for the tribe instead of being Federal employees as the nutrition staff is actually a tribal staff.

Another example of that is the Gila River group where they are running their own environmental health program and again uses these kinds of tribal employees to operate their own health departments, their own health delivery system so we could forecast, and I am confident that is what is happening, we will find them gradually becoming upgraded, becoming more and more specialized, and actually moving over to fill the kinds of jobs that used to be done by Federal employees and moving into professional jobs starting out from this little process of something called the community health rep.

## NEED FOR PROFESSIONAL AND STABLE MANAGEMENT OF INDIAN RUN PROGRAMS

Mrs. HANSEN. I want to bring to your attention the same problem that I brought to the attention of the BIA.

Your employees are provided with a retirement program. The question will arise in the Indian world I am sure eventually on the development of some kind of good retirement program. I think you and the BIA are going to have the same problem in advising and helping the tribal leaders to provide this type of program for their own people. I don't want you to think we are unaware of what the problem is going to be in your segment of this problem.

Dr. JOHNSON. I think it is important to realize that many of the tribes now are very much aware of the fact that if they are going to have stable professional management and run their own programs that they are going to have to put in place the management systems, the personnel systems, the accounting systems, whatever it takes to run a first-rate operation.

I would like to see the Federal Government, ourselves, really put together a coordinated process and insist that that is what you do as you move into this business of operating your own programs.

I would plan to work with the Commissioner and anyone else who is willing to work on this to try to help them do this. As it is now the tribes have a very confusing time because each agency has a tendency to have their own set of forms and their own set of guidelines. I think really in dealing with Indian tribal government we ought to have a common front to help them put in place these management systems.

Mrs. HANSEN. Because otherwise you are going to have in a few years a lack of good management.

Dr. JOHNSON. They can't afford to turn over their trained staff every time they have a tribal election. You can't get competent people to run a health program; for example, if they are going to get turned out every year.

The Indian leadership I think really understands that.

Mrs. HANSEN. I am sure they do but I think they are going to have to seek your counsel and advice, because some of the accounting systems are very sophisticated and if they are not properly managed could result in a disaster.

Dr. JOHNSON. I agree with you absolutely.

### AVERAGE PER CAPITA COST PER PATIENT

Mrs. HANSEN. Please insert in the record what your average cost per patient per year is in Alaska and in the lower 48 from 1961 through 1974.

Mr. CHADWICK. All right.

[The information follows:]

| Year | United States (excluding Alaska) | Alaska |
|---|---|---|
| 1961 | $114.20 | $243.41 |
| 1962 | 121.90 | 241.74 |
| 1963 | 131.50 | 247.39 |
| 1964 | 140.00 | 247.93 |
| 1965 | 147.19 | 256.95 |
| 1966 | 156.85 | 270.08 |
| 1967 | 183.50 | 294.20 |
| 1968 | 196.40 | 315.31 |
| 1969 | 215.20 | 335.41 |
| 1970 | 211.73 | 385.84 |
| 1971 | 248.66 | 423.97 |
| 1972 | 278.84 | 550.19 |
| 1973 | 327.34 | 599.16 |
| 1974 | 354.65 | 649.64 |

### UNMET HEALTH NEEDS

Mrs. Hansen. I just don't think people recognize that there has been a tremendous cost increase built into the sophisticated kinds of treatment you offer.

How many Indians are there with unmet needs and in what areas are they principally located. Insert the information in the record.

[The information follows:]

Medical priorities are established for all Indians eligible for services. Emergency and urgent medical conditions requiring care are treated in all areas. It is currently estimated that the IHS is not providing approximately one-third of the needs of the 498,000 Indian people. These unmet needs are largely surgery, adult dental care, mental health, and preventive services.

Dr. Johnson. Fine. Primarily the unmet needs are in the field of surgery, surgery that in theory can be deferred but from a standpoint of good medical practice in my opinion should not be deferred. That is in fact a significant backlog as we have testified before to the committee.

It is our intention with the supplemental that is being requested and if that is then carried over into the 1975 budget that we will for the first time in several years be able to make a significant impact on reducing that backlog. It will not be eliminated obviously in 1 year.

Mrs. Hansen. You can reduce it in some areas, but in the areas where you don't have enough facilities or doctors how can you reduce it?

Dr. Johnson. One of the things we have been working with is with the Public Health Service hospital system that we were talking about this morning where they do have unused capacity and we would hope that some of this backlog of surgery could be handled in their hospital system.

If we were going to do it the way you would like to do it, you do it as close to home as possible and all that, but there may be cases where the patients are going to be willing to go considerable distances in order to have this work done. We would hope that this next year we will make some inroads on this backlog.

Mrs. Hansen. Does this backlog exist over all your areas?

Dr. Johnson. Pretty much over all of them, yes.

### INTERAGENCY RATES

Mr. Chadwick. There is one more thing we may bring out on this interagency rate. We think we have learned from the OMB that within the Department of HEW we do not have to charge a prescribed interagency rate. We could arrive at a cost based upon the increment of increased funds required to operate the facilities resulting from treating Indians.

If this be true, we could make more inroads on the backlog by paying less rates than we would between the VA for example. In other words, if we are dealing with another agency within HEW we don't have to use a mandatory rate set by the OMB as we now understand it.

Mrs. Hansen. Have they discovered this yet?

Mr. Chadwick. They are the ones that told us when we asked them about it.

Mr. FORBUSH. What has happened is formerly there was a governmentwide interagency reimbursement rate. Now they let each facility charge its own cost. It turns out that the Public Health Service hospitals' costs are lower than the governmentwide average. Therefore if the Indian Health Service substitutes that rate for the interagency rate they will save some money and can use it for other contract care.

### REQUEST FOR SANITATION SERVICES, 1975

Mrs. HANSEN. You are requesting an increase of $292,000 for sanitation. What does this involve?

Mr. CHADWICK. That is a series of items similar to what I read this morning, Madam Chairman, with note being taken that five positions are for Tuba City for $7,000 for 1 month, and $43,000 for some of those positions at Hugo, McAlester, and Eufaula I told you about.

While that goes into a number of places, I think all the rest of them were sort of self-explanatory.

### BIA AND HUD HOUSING PROGRAMS ON INDIAN RESERVATIONS

Mrs. HANSEN. You attempt to coordinate your sanitation program with the construction program of the BIA, so that you have the sanitation facilities in place at the proper time. However, I discover during the BIA hearing that HUD is not building houses at a very fast rate.

Dr. JOHNSON. I am afraid not.

Mrs. HANSEN. What has happened?

Dr. JOHNSON. As you know, a year ago in January, I believe, a freeze was put on HUD housing programs throughout the United States.

Mrs. HANSEN. It is one thing to put a freeze on housing in what we call the public sector and it is another thing to put a freeze on housing starts where the Government has a trust responsibility. You have an extremely critical condition as far as health, sanitation, and water supply in most Indian areas.

Dr. JOHNSON. After the freeze was in effect really for a good number of months they did permit housing that was in what they called their pipeline to be continued, so we have been very busy serving the housing that was in the pipeline.

Then they have now come out with a new housing plan that I quite frankly don't understand exactly how it is going to work and so the only thing I could say right now is what contribution HUD is going to make from this point on in Indian housing is very unclear to me.

Mrs. HANSEN. They have a very minimal amount of housing allowed. This is not new housing but repairs.

As you are aware the repair category has been a little deficient in several phases and I wonder if they have worked with you. They install new facilities in a house and they don't tell anybody how to use them. They have built houses and have repaired houses and they haven't even cleaned up the trash behind the houses.

They have left garbage dumps, and so forth.

### COORDINATION BETWEEN IHS AND TRIBAL GROUPS RE MAINTENANCE OF SANITATION FACILITY SYSTEMS

What coordination do you have with them as to the management of that property?

Dr. JOHNSON. Well, I guess there are a couple of ways to respond to that one.

We have tried all sorts of ways to resolve this issue, Madam Chairman. It seems to us a pattern is beginning to evolve now as to how this has to work. We used to do it on the basis of trying to, in our responsibility, go in house-by-house and try to help them maintain it.

That is not only a very time-consuming thing but it really wasn't working. What we found now is the most effective way to help is to help the tribe put together a maintenance program themselves.

You have enough volume, the economy of scale, so that they can have some people who are in fact skilled and who can be trained and who have tools and the equipment and this sort of thing, so that in a sense what we have been helping them do is create a tribal enterprise that can be responsible for the operation and maintenance of the facilities reservationwide.

When you go into each little community and try to go house by house you aren't going to hardly make it.

Mrs. HANSEN. I understand. The GAO issued a report on the inadequacies in some of your housing and sanitary facilities. Of course what they didn't understand I think was the lack of sophistication of the Indian tenant in the house at that point in time.

There have been lots of problems and there were problems in construction.

### NUMBER OF NEW HOUSES NEEDED BY INDIANS

What is the total unmet housing need in the Indian community?

Dr. JOHNSON. Mr. Chadwick or Mr. Larson, do you want to give that figure?

Mr. CHADWICK. Madam Chairman, beyond the 1975 budget, assuming that the houses were constructed in 1974 and 1975 that HUD says they will construct——

Mrs. HANSEN. How many will that include?

Mr. CHADWICK. It would be 6,500 this year and 6,000 next. If these be constructed then our backlog of new homes after 1975 would be 54,347 and 22,150 existing homes but these would not be added together because a lot of the new ones would replace the existing homes that are here.

Mrs. HANSEN. But you still have a backlog of 54,000?

Mr. CHADWICK. Yes.

Mrs. HANSEN. Would you give us an estimate for the record as of today's costs what that will mean?

Mr. CHADWICK. Today's cost for those 54,347 would be $207 million.

Mr. EVANS. May I pose a question?

Mrs. HANSEN. Surely.

### IHS 1975 APPROPRIATION REQUEST FOR SANITATION FACILITIES

Mr. EVANS. What figure did you ask for?

Mr. CHADWICK. This represents our request.

Mr. EVANS. Maybe you didn't understand my question. What amount of money did you ask for for new housing for fiscal 1975? I am not asking about the figure that is in the budget that we are looking at. I am asking about what you wanted to get, what you people asked for whether you were allowed to get it or not.

Mr. CHADWICK. We asked for $24,846,000 and got it. The reason we asked for that amount is this is the number of houses that those agencies said they were going to build.

We are permitted to ask for all the money we need for the houses that other agencies say they will build. That is how the figure is determined. We weren't cut.

### DIMINISHED HUD ACTIVITY ON INDIAN RESERVATIONS

Mrs. HANSEN. HUD has diminished its activities. We had quite a discussion this morning on the Indian Health Service budget. Dr. Johnson, will you explain what has happened?

Dr. JOHNSON. The process of building new houses on the reservation has been in the hands of the Department of Housing and Urban Development. The funding for new Indian housing has been a responsibility of HUD, and the money to build new Indian houses has been in the HUD budget.

Mr. EVANS. Procedurally who makes up the figures? Does HUD all by itself, or does HUD do it in consultation with you or do you do it and you give your figures to HUD?

Dr. JOHNSON. It starts out with HUD and the Bureau of Indian Affairs and their friends in the Office of Management and Budget together decide on what the housing goal for a fiscal year is going to be.

Mr. EVANS. In preparation for a meeting such as that I presume that you would have figures and opinions that you would bring to such meeting?

Dr. JOHNSON. Oh, yes.

Mr. EVANS. What were the figures and opinions that you took with you to that meeting which resulted in the new housing starts that are in the budget for fiscal 1975?

Dr. JOHNSON. I was telling you how it is supposed to work.

Mr. EVANS. Has it ever worked that way?

Dr. JOHNSON. Oh, yes.

Mr. EVANS. This year is a different year?

Dr. JOHNSON. Yes, because as I mentioned earlier HUD put on a freeze of all public housing last January, a year ago January. During the summer, normally in July, August, is when we get together and set up the housing goals for the next year so that each of the three agencies—we have a three-agency agreement written up at the Secretary's level between HUD, Interior, and HEW, so that we come together with a common set of goals for housing so that each agency then can put into its budget, the President's budget, the amount of money which will permit us each to carry out our part of the agreement.

This year that in fact did not occur because HUD had a freeze on their housing. They did not know what kind of housing program for Indians they were going to have during this particular year.

So we went then with our budget based on a projection from what they did last year. The best information we could get was they are going to do the same this year that they did last year.

Mrs. HANSEN. Are they going to freeze it again?

Dr. JOHNSON. I don't know what they are going to do.

Mrs. HANSEN. As I said, the thing that distresses me and I think distresses Mr. Evans, is the disparity. These are people on our trust lands. Therefore, it seems to me we have a special responsibility to continue to provide housing and sanitation, because of the drastic results that will occur because of lack of facilities.

Mr. EVANS. As I recall, 3, 4, or 5 years ago somebody—maybe it was HUD, or the Democratic administration, or the present administration—developed a 10-year program to catch up with the housing needs of the people of the United States and of course we haven't begun to reach that at all.

Then I noted last year that when we compared the amount that was being budgeted for Indian housing as opposed to the total amount of Indian housing that we had to get at, as I recall it is going to take us 90 years.

Mrs. HANSEN. It will. Some of these houses are going to fall down before they ever get finished.

### NUMBER OF NEW HOUSING UNITS BEING BUILT IN 1974

Mr. EVANS. Were any Indian housing units built so far in fiscal 1974?

Dr. JOHNSON. Yes; there are some being built.

Mr. EVANS. How many?

Dr. JOHNSON. Mr. Larson, can you give us the number?

Mr. LARSON. So far this year through the end of last month, we have gone into projects to provide water and sewer for new or improved housing for 2,781 homes.

Mr. EVANS. I am talking about the construction of homes.

Mr. LARSON. The construction of the house itself and our entrance into the combined package don't always coincide, so it is hard for us to say the exact number of new housing starts so far this year but we know that there has been this volume of housing effort that has reached the stage where we entered into them to provide their utilities.

Mr. EVANS. Can you provide for the record the number of housing starts that have occured so far in fiscal 1974?

Mr. LARSON. Yes.

[The information follows:]

According to the most recent production control and status report of the Department of Housing and Urban Development, their Indian housing starts, to date, fiscal year 1974, total 1,276 homes. In addition, the Bureau of Indian Affairs reports that 277 new homes and repairs to 1,541 existing homes have been undertaken through their housing improvement program.

### NEED TO PROVIDE SANITATION FACILITIES FOR EXISTING HOMES

Mr. CHADWICK. Madam Chairman, there is one other item that I would like to bring out. We have been funded in a manner that has passed the halfway point in the sanitation program as the regular program.

As Dr. Johnson said, we now have some upgrading and capital improvements, operation, and maintenance that will be added to that but the main point I wanted to make here is the fact that HUD has not built the number of new homes they were going to build doesn't mean we don't need that money for existing homes.

There was a tremendous backlog in existing homes.

Mrs. HANSEN. I was just going to ask you that question. If HUD housing starts are down as projected from last year's projected budget what do you propose to do with the funds appropriated for this purpose?

Dr. JOHNSON. We would propose, Madam Chairman, to use that money to provide sanitation facilities for existing homes. We have had many Indian homes that have not been reached, I think some 22,000 roughly that have never had even initial service, and many of these have been waiting for new homes, feeling that it wouldn't be worth their while to put the money into sanitation facilities for a home that they intended to replace.

Quite honestly, up until this year, or until January, we were making some reasonable progress. Every year we were taking a bite of 8,000 or 10,000 families that were getting new homes or improved homes. We were well on our way, it seemed to me, to resolve this problem of Indian housing.

It is just this past year then that we have had this change in direction.

### NEED FOR HOUSING PROGRAMS THAT MEET INDIAN NEEDS AND ECONOMIC STATUS

Mrs. HANSEN. Did OMB and HUD ever give you a reason why they felt compelled to slow this particular area of housing down?

Dr. JOHNSON. I am not in the housing business and I don't understand all this various machinery that they use to guarantee loans and whatever else it is, sections 235, 236, and subsidies.

I don't quite follow all that. It sounds very plausible that they have reasons for it, but the problem that I see is that many times national programs that are clearly designed to be effective for the 210 million Americans turn out to have just the opposite effect when you apply them cookie cutter like to the half million reservation Indian people.

Mrs. HANSEN. This is what concerns me.

Mr. McKAY. Madam Chairman, I believe part of the answer to what he is saying is HUD's program. If they are only trying to implement sections 235, 236, and 237, there are qualifications under those programs that you have to commit 25 percent of your income and with the house costing more than $15,000 or $20,000, whatever, their total income wouldn't cover enough to qualify for success with it.

Mrs. HANSEN. Realizing the low income ability of the Indian people you should have some kind of approach that would permit a different kind of borrowing authority.

Mr. EVANS. May I ask a question, Madam Chairman?

Have you ever suggested a different system? Has your shop, recognizing these differences, put together a new approach?

Dr. JOHNSON. Yes, we have.

Again as I say, we are not technically housing experts, but we have our proposals as to how one might go about this.

Mr. EVANS. What has happened to your proposals? Were they ever introduced as legislation?

Dr. JOHNSON. No.

Mr. EVANS. Would they require legislation?

Dr. JOHNSON. No, I wouldn't think so.

Mrs. HANSEN. I remember several years ago I was down at the White House at a meeting.

There that day was the new director of Indian housing within HUD, as I recall it, and they were going forward on a brand new program. Well, Congressman Aspinall and I asked a couple of questions and I don't think the questions were particularly enjoyed by anybody.

But it seemed to me at that time that they were going to end up with this large scale bureaucracy where nobody in the Indian community would ever be able to get a handle on it. That is exactly what has happened. So I have often wondered why the BIA didn't just come in with a very forthright request, and begin to meet the need in this particular area.

### NEED FOR BIA HOUSING PROGRAM FOR INDIANS

Mr. EVANS. Madam Chairman, it is your belief that under the laws that exist now authority exists for us to put an item in for the BIA for house construction and if we did have the authority does BIA have the in-house ability or could it get it to put together a housing program for Indians, the kind of housing that Indians want and need?

Mrs. HANSEN. I think we should ask the Solicitor what the authorization is for BIA.

BIA or Interior has a general trust responsibility that comes as a direct legal descendant of treaty obligation. This is the authority that allows us to operate schools, for example, within the framework of the Indian world. If you can operate schools and provide sanitation facilities, I don't know why the BIA would not have this authority.

Mr. EVANS. May I ask a question, Madam Chairman?

If such authority exists, and if such money was put into the budget in fiscal 1975, and if you were allowed to spend the money, do you have the present in-house ability to put together the kinds of guidelines and the kinds of ideas from the Indians about the kind of house they want and undertake to administer such a program?

Dr. JOHNSON. I would presume that the intent would be to have the Bureau of Indian Affairs do this. I couldn't speak with authority for their capacity to do this. I would suspect that they could, and we certainly would do everything we could to help them do it.

Mr. McKAY. There is an existing self-help program in the building field now that exists in the BIA I believe which could pick up I don't know to what extent.

Dr. JOHNSON. They have their home improvement program, their HIP housing, and some of that has gone very well. I would think that they could very well do it.

## COST OF BUILDING HOMES FOR INDIANS

Mr. EVANS. If you could, we have 54,000 new homes that are needed as I understand it.

Dr. JOHNSON. That is right.

Mr. EVANS. Do you have any idea what it would cost to build—do you have a wide array of different kinds of housing that Indians want, or do you know?

Mrs. HANSEN. I think it depends on the location. For example, Alaska homes would cost proportionately more.

Mr. EVANS. Even if you couldn't produce such an educated guess, it would seem to me that if a line item were put in and all the other if's came true and you were allowed to spend it, it sure wouldn't take an Einstein to figure out tribe by tribe, section of the country by section of the country, what these funds could be used for in building many different kinds of homes.

Dr. JOHNSON. There is adequate experience to give you those kinds of figures. We would not have them in our agency, but they can be gotten.

Mr. EVANS. Thank you, Madam Chairman.

Mrs. HANSEN. Would you insert the information in the record?

Dr. JOHNSON. Sure; be glad to.

[The information follows:]

Information obtained from officials of the housing improvement program in the Bureau of Indian Affairs and the Indian housing office of the Department of Housing and Urban Development indicates that the construction cost of Indian housing, excluding access roads and utilities, averages approximately $20,000 to $22,000 per home for projects outside Alaska. Department of Housing and Urban Development experience in Alaska has resulted in proposed unit costs ranging from $45,000 to $85,000. A proposal has been under discussion between the Bureau of Indian Affairs and the Department of Housing and Urban Development which would produce a limited number of houses in Alaska by combining the Department of Housing and Urban Development financing techniques with the house building ability of BIA-housing improvement program. The houses considered are of a modified design to better suit local economic and climatic conditions and could be built for an estimated average cost of $25,000, excluding utilities and offsite road construction.

The Indian Health Service participation in the various tribal and Federal housing programs for Indians, for the provision of sanitation facilities, is currently estimated at $207 million for the 54,347 homes needed beyond the planned fiscal year 1975 program.

We have discussed with representatives of the Bureau of Indian Affairs, the 5-year housing plan for the Quileute Indians of Washington, which was initiated at the direction of the Congress in fiscal year 1974. We understand that the first year funding has been made available and that a contract between the Quileute Tribe and the BIA is being negotiated to cover the first increment of house construction.

## BUDGETING FOR MAINTENANCE OF SANITATION FACILITIES

Mrs. HANSEN. How are the funds budgeted for the maintenance of your sanitation facilities?

Dr. JOHNSON. There are two concepts with maintenance, Madam Chairman.

First of all, the fundamental concept of sanitation projects of course is that upon completion they will be turned over to the tribe or to the individual homeowner and then basically that maintenance is the responsibility of the tribe or the system or the homeowner for his own house.

As I mentioned earlier, that has not been as successful as one might have hoped because of this problem of bringing the homeowner and really the tribal operation up to speed. Some of these systems become very complex and there hasn't been experience within tribal government to handle this thing. We have been using the funding provided in the sanitation construction program to help the tribes establish these operation and maintenance organizations sort of as front-end funding to put in place the machinery and the trained staff, the professional competence, that they have to have to operate and maintain.

Then through user charges or out of basic tribal funds they are usually able to maintain it from that point on, but the startup costs have been beyond most tribes' ability to do it so we have been funding that out of our regular project money here.

So far that appears to be the most expeditious way of keeping these systems in operation.

### INDIAN AREAS WITH MAJOR SANITATION FACILITY PROBLEMS

Mrs. HANSEN. Where would you say the worst problems of sanitation and water supply deficiencies are?

Dr. JOHNSON. Without going into individual reservations, there are probably three major areas. One obviously is the Navajo. The second one would be in Oklahoma. The third one is Alaska.

Maybe Mr. Larson wants to add something to that.

Mr. LARSON. Yes. I think two of the areas that you mentioned, the Navajo and Alaska, share the one common thing and that is just the scarcity of water.

Mrs. HANSEN. I was going to say the Navahos have a genuine water problem.

Mr. LARSEN. The third area that you mentioned, Oklahoma, has a considerable need for additional water development. There quite often it is not so much the nonavailability of water as the quality of water that can be produced. As a result the trend more recently has been to depend more upon rural water districts and distribution of water from acceptable sources to rural houses rather than trying to develop the water sources within the confines of the allotment.

Dr. JOHNSON. I think it is important to realize as far as the regular projects are concerned we have done the easiest ones, and with limited money that is what we did. We said where can we get the most families served with what we have, and the easiest places have in fact been done.

Now it is the tougher ones.

### INCREASE REQUESTED FOR SANITATION FACILITIES IN 1975

Mr. EVANS. Madam Chairman, before we leave that, recognizing that to be a fact, could you point out what increase you are requesting and getting in this proposed budget?

Dr. JOHNSON. For sanitation facilities?

Mr. EVANS. Yes, sir.

Dr. JOHNSON. Yes. On page 52 in construction we are asking for $24,846,000 to serve 8,000 new or improved housing units and $8.2 million to serve 1,500 existing homes that will be located within the same project area that the new homes are.

Mr. EVANS. Is that where the problem is the worst?

Dr. JOHNSON. Yes. The concept behind this is this, and we discussed this with the committee several years ago.

Let us say you are putting 50 new homes in a community of a couple hundred homes. It didn't make any sense to us to go in and just develop a water system and sewer system for the 50 new homes. We said why can't we go in and develop a water system to serve the total community?

So that was the concept that was put into the budget some years ago.

Mrs. HANSEN. As I remember, you received some very bitter criticism because they did take the long look. In other words, it was easier to put in your electrical lines for the total village in spite of the fact that some of the homes were ready. I remember in the State of Washington they bitterly criticized the Indian Health Service for doing this.

Yet when they had the facts they understood. However, it was a lack of the press' knowledge of how construction costs have a very definite impact on the long-range program of saving money.

Dr. JOHNSON. That is right. Then there is another $7 million to serve 3,525 existing homes that are located in communities where there is not now planned a new housing or improved housing construction program during fiscal year 1975.

That is our total of some 13,000-plus homes that would be served then during fiscal year 1975.

Mr. EVANS. How much of that represents an increase over your request for last year?

Dr. JOHNSON. The dollars Mr. Chadwick would have to give you.

Mr. CHADWICK. The $40.521 million in the budget is that amount allowed of our request of $49.1 million. We asked for money for 15,000 homes at $49.1 million.

Mr. EVANS. That doesn't answer my question. What did you ask for last year? What were you allowed in last year's budget? This figure of $40.521 million compares to what comparable figure, if any, in the last fiscal year's budget?

Mr. CHADWICK. Last year's fiscal year budget was $36,179,000.

Mrs. HANSEN. What was the 1973 budget?

Mr. CHADWICK. $35,745,000.

Mr. EVANS. Thank you, Madam Chairman.

### APPLICABILITY OF FEDERAL ORDER ON POLLUTION OF SANITATION FACILITIES FOR INDIANS

Mrs. HANSEN. There was a Federal order that all pollution had to cease on Federal lands by January 1, 1975. So now what happens, you have the worst kind of pollution. There seems to be a difference of opinion between the Federal order and what you are doing?

Dr. JOHNSON. I am afraid I can't bridge that gap.

Mrs. HANSEN. But isn't this the terms of the Federal order?

Dr. JOHNSON. Yes. I think the interpretation that has been made is that they are talking about—Federal facilities, which means if it is owned by the Federal Government that is one thing. I don't believe they have blanketed in trust land as that Federal responsibility.

Mrs. HANSEN. That is the way they avoid the Federal order.

Dr. Johnson. That is the only way it seems to me you can get out of it. I might point out, Madam Chairman, that all of the Indian Health Service facilities will in fact meet that standard.

### DENTAL SERVICES REQUEST FOR 1975

Mrs. Hansen. I am glad to hear that because some of the other facilities in some of the other agencies are never going to meet that deadline.

You are requesting an increase of $469,000 for dental services. You mentioned earlier that the STOWW dental services are in this base. What is the total amount of money this year for dental services?

Mr. Chadwick. Madam Chairman, the Congress added $300,000 for the Small Tribes of Western Washington and Crow, Mont. The $30,000 that you see as the last item is that amount of money added to that $300,000 for five staff at Crown and three for the Small Tribes of Western Washington, which currently have three staff. This would make six and would meet their total needs.

The $86,000 above that is those three centers in Oklahoma and the $100,000 above that is that story I gave you this morning of restoring those appropriations that were partly in and out during the last couple of years.

The other items are the usual statutory promotions and so on, then 10 staff for Tuba City for 1 month and 3 positions for the Arapahoe Clinic for that year, 1 dentist and 2 dental assistants. The total request for this activity is $7,718,000.

### UNMET DENTAL NEEDS

Mrs. Hansen. What is the total unmet dental need necessary to provide comprehensive care for children and adults?

Dr. Johnson. Overall for the dental program as we would project it, we are meeting somewhere in the neighborhood of 60 percent of the need in the direct service program.

Mrs. Hansen. It would take 40 percent more?

Dr. Johnson. Yes. Close to $5 million would be the gap in that, plus another $850,000 roughly in contract care to fill in the gaps, would bring everybody up to a level which would in an incremental way remove this. This would not be, Madam Chairman, in the sense of a crash one-year trying to do this.

To our way of thinking this would not be a reasonable approach, that we ought to put in place the resources which will take the bite off of this so that you are not putting in place great resource which then has to be dismantled in a crash program. That is what this plan is based on.

Mrs. Hansen. In consideration of current limitations of facilities and housing what additional dental resources could effectively be used next year? Is that included in this $5 million?

Dr. Johnson. No. If you are looking at it from the standpoint of what could be used with the facilities that are now in plans for this coming year, Madam Chairman, it seems to me that about 100 of those positions and $1.5 million could fit into the existing facilities that we already have plus the mobile dental units and relocatable clinics that we already have.

Mrs. HANSEN. So anything above that would require more facilities?

Dr. JOHNSON. Yes. You really couldn't put more in place effectively. I think again as we talked before the committee a number of times our concept of doing this is in an incremental way so that you are planning to put in place the reasonable progress over time so you don't have a crash program, which to me is wasteful in the long run. That is the sort of way I would be looking at it, plus you could always use in that process some additional contract money as well.

Mrs. HANSEN. Would you relate the cost on dental contract care to those costs under your program in your own facilities? Do you want to place a comparison of these costs in the record for us?

Dr. JOHNSON. Yes, we can do that.

[The information follows:]

Direct and contract dental cost comparison for fiscal year 1973 follows:

| | Direct | Contract |
|---|---|---|
| Cost per patient examined | $43.79 | $61.95 |
| Cost per dental service | 9.37 | 14.25 |

## ADULT DENTAL CARE

Mr. EVANS. From the chart on page III-23 it would appear if you are an Indian and you are 35 years of age or older—this is a guesstimate but I would say you have about a 10 percent chance of getting your teeth fixed. Is that a pretty close guess?

Dr. JOHNSON. Mr. Evans, this is a result of the incremental dental care program that we have been carrying out. If you had your druthers you wouldn't do it this way but when you have limited resources it seemed to us, and I think experience has demonstrated this to be correct, that if you start out with children, and we started out with the first graders and brought them up to maintenance, they moved into the second grade, then you took the new first graders, and over this period of time we have gotten to the point where most of the kids are on what we will call maintenance level. As they become adults you try then, as your program is able to respond to, to follow your young adults, your parents out, as you go on.

It is much more cost effective to be providing care to the group that has had their teeth maintained over this whole period of time than it is to go out just willy-nilly taking folks who might come in the door.

Mr. EVANS. I wasn't being critical. I was just seeing if I understood the graph correctly.

Dr. JOHNSON. That is correct.

Mr. EVANS. If I am 35 years old and an Indian, I have maybe a 10 percent chance of getting there?

Dr. JOHNSON. No, we provide 18 percent.

Mr. EVANS. I say between 35 and older, the average between the high of 18 percent and the low of 10.6.

Dr. JOHNSON. Somewhere around 15 percent, yes.

Mr. EVANS. Thank you.

## COMPARISON OF CURRENT DENTAL SERVICES

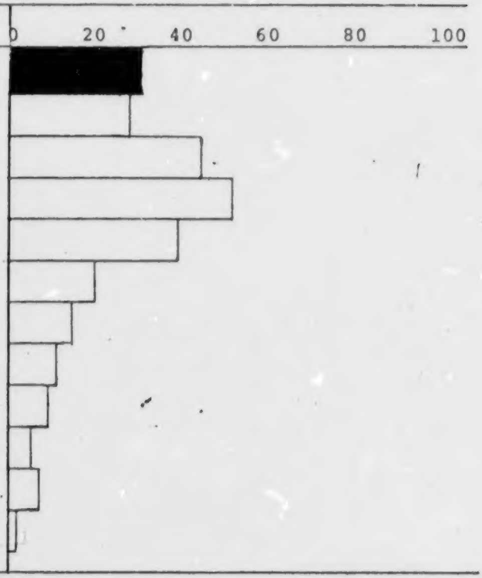
Mrs. HANSEN. Please provide for the record a comparison of current dental service in 1960.

Dr. JOHNSON. We will provide to the committee some previous years' charts to show you the change that has taken place.

[The information follows:]

### PERCENT OF DENTAL SERVICES REQUIRED THAT WERE PROVIDED IN INDIAN HEALTH SERVICE IN FY 1966 BY AGE GROUP

| Age Group of Patients | Services Required | Services Provided | Percent Provided |
|---|---|---|---|
| All Ages | 1,839,449 | 570,779 | 31.0 |
| Under 5 | 114,171 | 32,330 | 28.3 |
| 5-9 | 380,973 | 180,261 | 47.3 |
| 10-14 | 290,170 | 153,774 | 53.0 |
| 15-19 | 237,726 | 95,741 | 40.3 |
| 20-24 | 119,471 | 26,943 | 22.6 |
| 25-34 | 227,876 | 36,331 | 15.9 |
| 35-44 | 184,293 | 21,153 | 11.5 |
| 45-54 | 127,271 | 12,776 | 10.0 |
| 55-64 | 94,760 | 6,799 | 7.2 |
| 65-74 | 45,764 | 4,114 | 9.0 |
| 75+ | 16,974 | 557 | 3.3 |



**Note:** Data for FY 1960 not available. Changes have been made in dental data system beginning in 1966 to provide information for each age group. FY 1960 data would have shown data for all age groups over 18 years combined into one age group (18+).

### PUBLIC HEALTH NURSING REQUEST FOR 1975

Mrs. HANSEN. You are requesting an additional $188,000 for public health nursing.

What is the total amount you are requesting for this program?

Mr. CHADWICK. The total request, Madam Chairman, is $4,370,000 versus $4,182,000 this past year.

Mrs. HANSEN. What percentage of public health nursing does this provide? How much of this is in the so-called public segment?

Dr. JOHNSON. The number that we have at the moment is approximately 50 percent of the need as we interpret it. We have staffing criteria based on some studies that we have done of what reasonable public health nursing requirements are for the population that we serve taking into consideration the types of diseases, the travel times, and things like that.

That is the basis for our projection of about 50 percent, a little less than that, 47 percent actually now being met. I think in fairness we need to point out the public health nursing program is changing over time and I think in a very good way. When I was a reservation doctor the Public Health Nurses' time was spent making home visits. She was the only person who was really going into the home on a regular basis. Many of the things that she needed to do in the home do not require someone with all of the skills of a public health nurse to do it.

With the advent of community health representatives, the maternal and child health workers, and the other types of tribally operated outreach programs, the public health nurses' time has been turned more and more to providing training, guidance, counseling, and technical supervision to these people, which is of course, a much more cost-effective way of using her talents.

It is only, I might point out, because of this ability to expand her functions through the use of the outreach workers that we have been able to keep our head above water at all in the public health nursing field.

### INDIAN EMPLOYMENT

Mr. EVANS. Are these public health nurses and the outreach workers more and more coming from the ranks of the Indians?

Dr. JOHNSON. Yes. Of the outreach workers, virtually 100 percent are from that category.

Mrs. HANSEN. How many Indian nurses do you have in the Public Health Service?

Dr. JOHNSON. We can get that for you.

Mr. CHADWICK. At the end of December, 53.5 percent, or 3,875 Indian employees.

Mr. EVANS. Have you a figure for public health nurses?

Mr. CHADWICK. No; this is the gross total. I haven't it broken down.

### ACADEMIC TRAINING OF INDIAN PEOPLE IN PUBLIC HEALTH

Mrs. HANSEN. How many young women or young men, as the case may be, are applying for scholarships and going into the field of public health training?

Dr. JOHNSON. There is no way to get a good——

Mrs. HANSEN. I was thinking of the BIA scholarship program. The committee added funds at one time to encourage medical and nursing training because we wanted these careers open to as wide a group as possible.

Dr. JOHNSON. There is a really serious problem, which I think we can share with you. The career opportunities for funding for men and women who want to go into health careers I think is not all that good. We have been very discouraged in attempting to try to locate sources of scholarship funding.

Dr. deMontigny has worked closely with Indian medical students. He might give you examples of the kind of problems he has.

### PROBLEMS OF INDIANS ATTENDING SCHOOL

Dr. DE MONTIGNY. I haven't had that much experience with public —— health nursing schools, but with the Association of American Indian Physicians I am president-elect of that association also. We have increased the number of medical students now to 78. That is throughout the whole country.

The problems associated with Indian people going to school are considerably different and more and more of those students come, say, from urban areas. They have tremendous adjustment problems and the financial needs are much greater than what you would find with a student who planned on going to a school from Washington, D.C. The families they come from are very poor and usually by the time you have students applying for premedical education they are usually married and have a family and the financial requirements they have in order to go to school are much greater than you would find with another population.

To break the student away from an extended family group and move him to a place where he can receive his education—we have seen a lot of social disruption and family breakups here. There are a lot of problems associated with it.

Mrs. HANSEN. I understand and that is why I asked the question.

The University of Washington has a medical school. Are there any young Indian people attending their medical or nursing schools?

Dr. DE MONTIGNY. I don't know about the nursing school, but there are two Indian medical students in the University of Washington Medical School now.

### RECOMMENDATIONS FOR INCREASING THE NUMBER OF INDIAN STUDENTS IN HEALTH FIELDS

Mr. EVANS. Do you have a suggested answer to this? To increase the number of students in medical school and public health nursing?

Dr. DE MONTIGNY. I think the recruitment efforts have to reach farther down into the lower grade levels. Most of the people who decide to go into a professional field do so before they are 10 years of age so we are looking at about a grade 3 or 4 level.

Mr. EVANS. Run that by me again. You mentioned 10 years.

Dr. DE MONTINGY. I say whenever a child decides to go—I don't mean they chose the health profession at that age. I mean they reach a decision as to whether they are going to professional education or whether they are going to be a welder, or something of that nature. They have their mind pretty well made up as to what are their future aspirations.

Mr. Evans. Is that a fact? At the age of 10?

Dr. de Montigny. That is correct. By the time the child is 10 years of age he usually has well fixed in his mind what these aspirations are, whether he wants to go to college, become a physician or be a fireman or something else.

Mrs. Hansen. This is an added problem in the Indian world because you don't have many Indian doctors and lawyers. Isn't that correct?

Dr. de Montigny. We have 51 Indian physicians so identified in the entire Nation. Many of these have never had any association with their own Indian communities. None have ever graduated from a BIA school.

Mr. McKay. Have they gone out as a foster child or something? Is that where they start?

Dr. de Montigny. Some of them, yes.

Mrs. Hansen. This impressed me when I went through the BIA schools. You wonder whether there has been enough orientation or interest taken in stimulating this kind of experience so that they would want to go into health work in any field.

I just wondered if there had been enough attention given in any of those schools to the subject that would stimulate the interest.

Dr. de Montigny. There really hasn't. This is not so much characteristic of the schools operated by the Bureau—I don't mean to say anything bad about the Bureau schools, but it is more characteristic of the schools you find in rural areas. Indian children, with aptitude testing before entering schools, have the highest rating of any identifiable group in the country. However, science and mathematics are the weakest topics in the schools which they attend so by the time they are in the fifth or sixth grade it is no longer a reality.

Mrs. Hansen. I have often criticized our inservice training programs, because they didn't correct the teaching methods in some of these fields.

Mr. Evans. You put the finger on the problem by suggesting that recruiting could and should be done at an earlier age. Is that correct?

Dr. de Montigny. That is correct.

Mr. Evans. Do you have any suggestion you could bring to this committee that would make it easier for you to do this, that would facilitate it, or is that in the budget already?

Dr. de Montigny. I haven't seen it in the budget.

Mr. Evans. Do you have any suggestion you would like to see in the budget that would help facilitate this? How would you do it?

Dr. de Montigny. There are some programs that are reaching to the lower grade levels. In the in-med program at the University of North Dakota they are doing this.

Minnesota Chippewa Tribes are planning to operate their own program. In my opinion it would be well to fund the tribal organizations to handle these kind of things themselves and make the arrangements with their local community colleges, so they can develop a program from kindergarten on up, if necessary.

Dr. **Johnson.** I think we know what is the problem and how to address it. If we are really serious about changing the career aspirations of the generation of Indian kids, you know, it won't happen by tincupping around with the natural processes of evolution.

It means we are going to have to go out and say, "We are really serious about this. We are going to help the community put in place the very kinds of mechanisms Dr. deMontigny is talking about. We are going to make it possible for a kid to not only aspire to be a physician but if he gets himself admitted to medical school we are going to pay his way through."

I think any other way, in another generation we will have 100 Indian physicians rather than the 1,000, 2,000 or 8,000 we need.

Mr. **Evans.** Is there any program in this budget?

Dr. **Johnson.** No, sir.

Mr. **Evans.** Was any request made?

Dr. **Johnson.** We have suggested from time to time ways in which these things could be done, yes, sir.

Mrs. **Hansen.** Senator Jackson, Congressman Meeds and I have introduced a bill which will directly authorize such a program. How much would it cost per year to address it through the budget process?

### PROBLEMS OF INDIAN STUDENTS ENTERING A NEW ENVIRONMENT

Dr. **de Montigny.** I might just make one other point on this. The problems that are associated with this go far beyond finances. I mentioned a little bit about some of the social adjustments that need to be made in moving from the reservation life to the environment where the student is going to school.

I was talking with Dr. Johnson this morning about a young Eskimo student who is going to school and the tremendous adjustments he is having to go through to pick up the vocabulary used in the lower part of the United States. What they call the lower 48. His English vocabulary is that which you find in bush Alaska. The words have entirely different meanings up there than the families use in the lower 48. He has been listening to the radio, trying to pick up the language and understand what it is all about. In the strange homes he has been exposed to there are huge, high ceilings, large doors and it is difficult to adjust to. If he eats in a cafeteria or restaurant, it is extremely difficult to adjust.

Mrs. **Hansen.** You are right, this affects every rural area.

Dr. **de Montigny.** We have a tendency to expect a student to come from bush Alaska and adjust to urban living. That change would be equally as difficult as to take a member of this group and put him into bush Alaska and expect him to survive.

Mrs. **Hansen.** I doubt that many on the committee would survive.

### HEALTH EDUCATION REQUEST FOR 1975

Mrs. **Hansen.** You are requesting an increase of $67,000 for health education.

What is the total request for this program?

Mr. **Chadwick.** $1,900,000 versus the $1,833,000 for this year. It is $1,900,000, which is $67,000 over the $1,833,000 for this year.

Mrs. HANSEN. Is the $67,000 increase just to meet the cost of inflation?

Mr. CHADWICK. We have one position in there for Tuba City. Otherwise it is just index.

Mrs. HANSEN. How much of the total need for health education does this budget support?

Dr. JOHNSON. Roughly a third.

Mrs. HANSEN. What segments of the country does that third reach?

Dr. JOHNSON. What we have tried to do is to cover the major reservation areas with at least one professional health educator, or a community education specialist, or to have a health educator who can serve in an itinerant basis for a number of reservations.

Ideally, of course, you should have someone skilled in that field who can work on a day-to-day basis closely with the community, and particularly—and I think this is one place where it falls short—in the school system, where a well-trained health educator could help the teachers with their health education curriculum and with their career counseling.

Many schoolteachers in my experience are very uncomfortable in dealing with health education things. They have a little cram course and that is supposed to be it. Really, if health education is going to work, it is an every day, every-class concept that has to be woven into the school curriculum.

Mrs. HANSEN. How have you succeeded in the Bureau of Indian Affairs schools?

Dr. JOHNSON. Well, how many Bureau schools do we have, plus public schools?

Of course, we know most of the Indian students are in public schools. A hundred health educators, of whom only, oh, roughly two-thirds of those I guess are actually trained health educators, simply don't go around to all of the schools in which they need the impact. They are also trying to work in the community; they are also community developers; they are also trying to work with the councils and with the other leaderships on community health programs as well as health education.

Again I think this is one of the mechanisms to get at the sort of thing that we talked about earlier, to get trained health educators who can really impact on the school system.

Mrs. HANSEN. It is a part of your preventative program. Isn't that correct?

Dr. JOHNSON. You are absolutely right. Again I think here the same thing pertains as in Public Health nursing. The thing that has kept us with our head above water is the fact that we have had the Outreach workers so the health educator can expend his time to some extent by training others to do some of these things, but they get spread pretty thin.

Mrs. HANSEN. What kind of budget per year would enable you to eventually meet the needs?

Dr. JOHNSON. If you went, say, to looking at maybe another 40 health educators in a year, over 5 or 6 years, 7 years, would about do it.

Mrs. HANSEN. How much would an additional 40 health educators cost per year?

Dr. JOHNSON. About a half million for 40. That would cover 40, I believe.

Mrs. Hansen. Are trained people available for such positions?

Dr. Johnson. Yes; now, for some we will have to provide specialized training.

### FIELD MEDICAL SERVICES REQUEST FOR 1975

Mrs. Hansen. You are requesting an increase of $7,803,000 for field medical services.

Do you want to discuss this, Dr. Johnson?

Dr. Johnson. The mandatories, of course, are pretty much as Mr. Chadwick has discussed it.

There, really annualizing the 1974 and 1973 programs, the Arapaho Clinic getting the mental health positions back that were somehow lost in the other process, putting in place the full operation of the three health centers in Oklahoma, so they are fully funded now, annualizing the leasing of the Alaskan clinic and the final thing, the Department of Labor change.

The ambulatory care for the field clinic, of course, is a part of the process Mr. Chadwick spoke of earlier. Part of that is carried in the direct medical care budget. The other piece of it is down here in field medical services. These are the folks providing the care in the field. Chart 9 shows it under 1973 where I showed we had a fivefold increase over the last 17 years.

### USE OF SATELLITES IN ALASKA

Mrs. Hansen. In the justification you have a very interesting comment on the use of the satellites for communication in the 14 villages in the Tanana service area.

Dr. Johnson. Some years ago an experimental communications satellite was put up called ATS-1. It was sent up and was supposed to have a useful life of about 2 years. In trying to determine uses for satellites, we worked with the National Library of Medicine and developed some systems for putting the satellite radio into the villages, bouncing the signal off the satellite and into the medical center.

We picked the Tanana Valley because the radio communication there is really miserable. You have all the static from the Northern lights, or whatever else it is up there, and it is mountainous terrain. So the ability to get good radio communication with the ordinary radio varies from about zero to 50 percent.

Here you have a health aide out in the village who has a sick patient she wants to talk to a doctor but the radio system doesn't operate for her. That is why we picked it. NASA and National Library of Medicine gave us an opportunity to try it, so we did.

It has turned out to be a very extraordinary successful project from the standpoint of communications.

I was up at Fort Yukon and had an opportunity to participate in the satellite communications transmission. The nurse up there said just every day the thing works. They have really had almost 100 percent reliability of the satellite communications system. We had the mayor of one of one of the little villages, Beaver, which is down the Yukon from Fort Yukon, and the thing that was really concerning him the most was what would happen when this satellite up there, which is now already several years beyond its useful life expectancy, what happens when that goes down?

He was pointing out some specific cases.

Mrs. Hansen. What will happen?

Dr. Johnson. We hope, Madam Chairman, by that time we will have a commercial satellite in place from which we can buy channels. We have made a decision now.

We have been testing different ways of handling communications in Alaska and I think we are convinced now that the only rational way of handling communications in the bush of Alaska is probably going to be satellite communications.

We will start testing in about 2 months. They are going to put up another satellite, ATS–F, which will have video bands on it as well.

We are going to test that to see to what extent television transmission can be had so you can see the patient and talk back and forth with pictures. I think the minimum we are going to have to have up there is satellite communications to bush villages.

Mrs. Hansen. That is very interesting.

### HEALTH INFORMATION SYSTEM

Dr. Johnson. One other thing I might point out in this whole communications system is the Health Information System. We have pioneered on the Papago. We have discussed this with the committee a number of times. It is in fact being installed to serve this group of villages so the doctor in the hospital, when they talk about a patient in the village, can refer to the data system through the satellite and get the medical record for this patient so he can be looking at that while he is talking to the aide out in the village.

When you go out in a little Alaskan village—and they are pretty primitive—and you see this particular system operating, you know you really wonder which generation and in which world you are living.

### VILLAGES COVERED BY ALASKA NATIVE COMMUNITY HEALTH AIDES

Mrs. Hansen. You have 185 Alaskan community health aides in the isolated villages of Alaska. How many villages are not being served?

Dr. Johnson. There are about 50 villages not being served.

Mrs. Hansen. What is the population of those 50?

Dr. Johnson. Probably most of those villages we are talking about are 25 or less; there are some additional villages that ought to be served but obviously not all of them can support a full-time aide.

Mr. Chadwick. Madam Chairman, the pay for those aides has not been responsive and that will be one of the items in the supplemental you will be getting.

### ABILITY TO FILL VACANT POSITIONS

Mrs. Hansen. You note a request for 312 new positions in fiscal year 1975, from 7,751 to 8,063. In view of the doctor shortage which we have discussed, is it realistic to expect to be able to hire this many additional positions?

Dr. Johnson. Very few of those positions will be doctors. The greatest need in our program right now is not for physicians as such. If we could fill the 523 medical officer positions we have now—and we are short at the moment of about 27——

Mrs. HANSEN. How many do you have?

Dr. JOHNSON. We have 496 on board right now against positions for them of about 523. I believe we have 27 vacancies right now.

Mrs. HANSEN. I think this is very interesting; 496 doctors serve what population?

Dr. JOHNSON. About 500,000.

Mrs. HANSEN. What is the geographical size of that area? Insert the information in the record Mr. Chadwick.

[The information follows:]

The Indian Health Service (IHS) provides health care service over an estimated geographic area of 734,223 square miles. This is equivalent to the land area of all of the States east of the Mississippi except Maine, Wisconsin, and Illinois. The geographic area covered by IHS includes the entire States of Alaska and Oklahoma and reservation areas in other States.

### RECRUITMENT PROBLEMS

Dr. JOHNSON. Most of the positions we are talking about are not physicians—they are positions that we can in fact recruit for.

Let me share with you one of the problems. Let's take nursing for example. Nurses are still in relatively short supply. Yet we can recruit fairly well, but one of the problems you have in the retention of nurses is the shortstaffing that goes around them. The fact that you don't have enough staff for practical nurses and even janitors and housekeepers and record clerks and things like that. The nurses end up doing all this kind of stuff. They don't get professionally fulfilled. They work themselves into a frenzy. Then somebody gets sick. That makes it worse. People have to work overtime, then they get tired; then they get sick, then somebody quits, and then it makes it worse.

Really, your whole recruiting problem is accentuated by the staff shortages.

Mr. EVANS. May I inquire whether or not in your budget presentation before us today you are trying to correct some of that?

Dr. JOHNSON. That is our intent. This is an increment toward correcting that.

As I mentioned earlier, Mr. Evans, in no way does this one increment totally resolve the problem. My hope is we are beginning to move in a realistic way to take a bite out of this problem and hopefully we will continue to do this.

Mr. EVANS. Do you believe the amount you are requesting is a realistic request for the fiscal year?

Dr. JOHNSON. I think under the circumstances in which we find ourselves, a reversal from last year, this is a very happy experience.

### POSITION VACANCIES

Mrs. HANSEN. How many position vacancies do you presently have in the Indian Health Service?

Mr. CHADWICK. As of today, Madam Chairman, we have only 218 vacancies. Apart from the new positions. You see, there were 270 new positions added in the budget for this past year. That money was made available to us in the second quarter and 111 of them are on duty already.

Other than that, we have only 218 vacancies out of the gross number of 7,751 positions.

Mrs. HANSEN. What is your personnel ceiling?

Mr. CHADWICK. Our personnel ceiling is 7,797. That is not inconsistent with our 7,751 positions because we have reimbursables in the amount of 54 which account for that difference.

Specifically we anticipate a lapse this year of 6.6 percent inclusive of those new positions. Next year our lapse will be 7.8 percent primarily because of the 218 positions we are getting for Tuba City for just 1 month.

### INDIAN HEALTH FACILITIES

Mrs. HANSEN. We will insert justification pages 38 to 52 in the record at this point.

[The pages follow:]

## Indian Health Facilities

### Summary of Increases and Decreases

| | | |
|---|---|---|
| Appropriation, 1974 | | $49,927,000 |
| Unobligated balance from prior years | | 5,480,600 |
| Total available for obligation | | 55,407,600 |
| Decreases: | | |
| Hospitals | $14,530,660 | |
| Outpatient care facilities | 481,691 | |
| Community facilities | 531,079 | |
| Sanitation facilities | 37,164,866 | |
| Personnel quarters | 42,304 | 52,750,600 |
| Carried into 1975 | | 2,657,000 |
| Increases (1975 appropriation request): | | |
| Hospitals | | 8,560,000 |
| Outpatient care facilities | | 375,000 |
| Sanitation facilities | | 40,521,000 |
| Personnel quarters | | 5,500,000 |
| Total available for obligation | | 57,613,000 |

## ANALYSIS BY ACTIVITY

### Amounts Available for Obligation

| | Amount Available 1974 | Fiscal Year 1975 | | | Total Available 1975 compared to Total Available 1974 |
|---|---|---|---|---|---|
| | | Unobligated Balance From Prior Years | 1975 Budget Request | Estimated Total Available | |
| Hospitals .. | $15,378,660 | $ 848,000 | $8,560,000 | $9,408,000 | $-5,970,660 |
| Outpatient care facilities .. | 481,691 | ... | 375,000 | 375,000 | -106,691 |
| Community facilities . | 531,079 | ... | ... | ... | -531,079 |
| Sanitation facilities . | 38,973,866 | 1,809,000 | 40,521,000 | 42,330,000 | +3,356,134 |
| Personnel quarters ... | 42,304 | ... | 5,500,000 | 5,500,000 | +5,457,696 |
| Total ....... | 55,407,600 | 2,657,000 | 54,956,000 | 57,613,000 | +2,205,400 |

### Obligations by Activity

| | 1973 Actual | 1974 Estimate | 1975 Estimate | Increase(+) Decrease(-) |
|---|---|---|---|---|
| Hospitals . . . . . . | $8,609,828 | $14,530,660 | $8,980,000 | $-5,550,660 |
| Outpatient care facilities . . . . . | 113,170 | 481,691 | 355,000 | -126,691 |
| Community facilities | 120,921 | 531,079 | ... | -531,079 |
| Sanitation facilities | 34,249,671 | 37,164,866 | 40,305,000 | +3,140,134 |
| Personnel quarters . . | 8,989 | 42,304 | 5,225,000 | +5,182,696 |
| Total . . . . . . | 43,102,579 | 52,750,600 | 54,865,000 | +2,114,400 |

## ITEMIZATION OF ESTIMATE

| | Actual 1973 | Estimate 1974 | Estimate 1975 | Increase(+) Decrease(-) |
|---|---|---|---|---|
| Program and Financing | | | | |
| Total obligations .. | $43,102,579 | $52,750,600 | $54,865,000 | +2,114,400 |
| Unobligated balance brought forward ... | -4,034,179 | -5,480,600 | -2,657,000 | +2,823,600 |
| Unobligated balance carried forward ... | +5,480,600 | +2,657,000 | +2,748,000 | + 91,000 |
| Appropriation ...... | 44,549,000 | 49,927,000 | 54,956,000 | +5,029,000 |
| Obligation by Objects | | | | |
| 11 Personnel compensation ..... | 3,923,630 | 5,372,000 | 5,382,000 | + 10,000 |
| 12 Personnel benefits ......... | 188,601 | 323,000 | 325,000 | + 2,000 |
| 21 Travel and transportation of persons .......... | 196,846 | 230,000 | 232,000 | + 2,000 |
| 22 Transportation of things ........... | 1,038,571 | 1,128,000 | 1,178,000 | + 50,000 |
| 23 Rent, communications, and utilities ..... | 232,707 | 248,000 | 263,000 | + 15,000 |
| 24 Printing and reproduction ...... | 24,978 | 70,000 | 76,000 | + 6,000 |
| 25 Other services ..... | 4,795,937 | 6,340,000 | 5,733,000 | - 607,000 |
| 26 Supplies and materials ........ | 5,117,029 | 5,626,000 | 5,756,000 | + 130,000 |
| 31 Equipment .......... | 894,303 | 1,028,291 | 1,126,000 | + 97,709 |
| 32 Lands and structures ........ | 26,566,598 | 31,854,230 | 34,794,000 | +2,939,770 |
| 41 Grants, subsidies and contributions ............ | 120,921 | 531,079 | ... | - 531,079 |
| 42 Insurance claims and indemnities ... | 2,458 | ... | ... | ... |
| Total obligations ..... | 43,102,579 | 52,750,600 | 54,865,000 | +2,114,400 |

Highlight Statement

Indian Health
Construction

The Indian health construction program is concerned with the provision of medical and health facilities needed to provide services directly to Indians and Alaska Natives and assistance to Indian groups and individuals in the construction of Indian sanitation facilities, under the authority granted by Public Law 86-121.

Approximately 498,000 Indians and Alaska Natives look to the Indian Health Program for medical and hospital care and the full range of public health services. They live over a widely dispersed geographical area comprised of more than 250 reservations, colonies and communities in 25 states, and in hundreds of villages in Alaska.

Sufficient and adequate, up-to-date facilities are necessary to provide proper medical care and public health services. Despite continuous improvement in this direction, many of the Indian Health Service facilities (hospitals, health centers and stations) are still grossly inadequate, lack the necessary space, are not functionally arranged nor properly equipped, involve hazardous conditions, or require major repairs, and thereby represent a major deterrent to efficient use of personnel and the practice of modern medicine. Further, there is a need to provide hospitals, health centers and health stations near where the Indians live.

The continuing interest and financial support by the President and the Congress have enabled the Indian Health Service to initiate an orderly program of construction and modernization. This program is designed to correct the inadequate, obsolete, and in many instances structurally deficient facilities that exist. Currently there is under construction a replacement hospital at Tuba City, Arizona. Completion of this facility is contemplated for early in calendar year 1975. Construction funds are also available for replacement facilities at Zuni, New Mexico, Philadelphia, Mississippi and Owyhee, Nevada. It is envisioned that construction contracts on all three will be awarded before the end of fiscal year 1974. Funds are also available to plan or master plan new, replacement, or modernized hospitals at ten other locations and plan replacement of a health center at Chemawa, Oregon.

The 1975 request contains construction funds for a new (replacement) hospital at Claremore, Oklahoma, a new school health center at Riverside, California, and a dental addition to the Tohatchi, New Mexico clinic.

Because of the remoteness of most of the Indian health facilities, it is necessary to provide quarters for many of the staff in the program. In 1975, 207 units of quarters are requested to house the additional staff that will be required to operate the newly constructed medical facility currently under construction at Tuba City, Arizona.

The scarcity of water for even elemental household purposes is still a problem among Indian and Alaska Native groups. Thousands of Indians on many reservations haul water in a primitive manner for distances of a mile or more, often from a water source which is unsafe. Some are forced to draw on contaminated streams, irrigation ditches, stock ponds, or unprotected wells and springs for their domestic water.

The lack of adequate facilities for the disposal of human and other household wastes is another major deterrent to good health for Indians and Alaska Natives. The lack of these facilities contributes to the spread of micro-organisms responsible for diarrheas and dysenteries, insect and rodent infestations, in both Indian homes and communities, and to the contamination of foods and water supplies. However, a combined Federal-Tribal effort is being waged to overcome as much of this deficiency as possible. Through 1974, approximately 50,500 existing Indian and Alaska Native homes will have been provided new or improved sanitation facilities. In addition, facilities will have been constructed to serve approximately 40,000 new and improved homes built under Federal or Tribal housing programs.

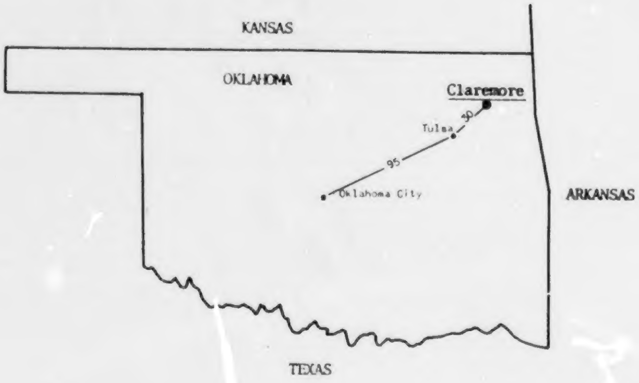
The 1975 request provides funds for the provision of sanitation facilities for: (1) 8,000 housing units being constructed or improved by the Department of Housing and Urban Development, the Bureau of Indian Affairs, and Indian Tribes; (2) approximately 1,500 existing homes located within or adjacent to housing program sites; and (3) for 3,525 existing homes in other locations. In addition, funds are included to provide sanitation facilities for Indian ceremonial areas and meeting places; to conduct necessary engineering investigations; and to correct emergency problems resulting from unforeseen conditions and situations that are beyond the capabilities and resources of the Indians.

| | |
|---|---|
| HEALTH FACILITIES - 1975 request .................... | $14,435,000 |

1. Claremore Health Facility

| | |
|---|---|
| Claremore, Oklahoma ......................... | $8,560,000 |

Construction funds for a replacement facility



## Claremore Project Cost Estimate

| | |
|---|---|
| A/E design cost previously appropriated ... | $ 200,000 |
| Construction funds requested in 1975 ...... | 8,560,000 |
| Total construction cost estimate ........ | $8,760,000 |

Funds for a new comprehensive community health facility for the Claremore, Oklahoma, Service Unit are requested in 1975. The new facility at Claremore will replace an existing facility constructed in two phases in 1928 and 1935. The old 33,500 square-foot facility is no longer capable of responding to the health needs of the Claremore community.

## Geographic Background

The Claremore Service Unit is located in the northeastern part of Oklahoma, bounded on the north by the Kansas State line and the States of Missouri and Arkansas on the east. The eastern part of the Service unit is in the foothills of the Ozarks and is quite hilly. The remainder is rather flat land devoted to farming. It is comprised of twelve counties having an estimated Indian population of approximately 35,000. Practically all of the counties which comprise the Claremore Service Unit include communities located in the rural areas. It serves a population primarily of the Cherokee and Creek tribes, but also includes some of the smaller tribes, such as Quapaw, Miami, Seneca, Wyandotte, and Euchee.

## Economic Status

The Claremore Service Unit family size is somewhat larger than the national average of 3.57 persons; however, the median family income of Oklahoma Indians is only approximately 57% of that of the U. S. general population average of $9,590. Unemployment is high and the general level of education is low. Availability to communications is relatively poor with only 10% of the houses having a telephone.

## Community Facilities and Referral Facilities

There are no major community health facilities located conveniently near the Claremore Indian Hospital. The closest major referral facilities are located in Tulsa about 30 miles away. They are St. Francis Hospital, Hilcrest Memorial Hospital, and St. John's Hospital.

## 1975 Request

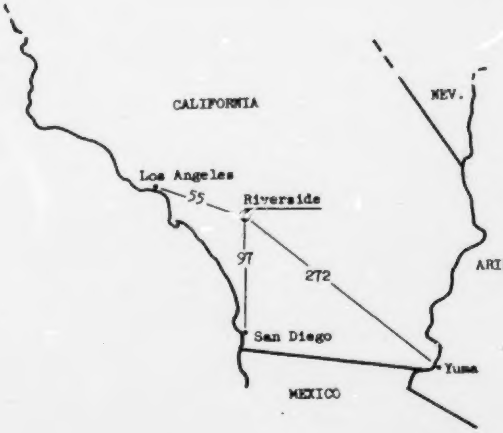
This proposed new facility, containing a gross area of 92,000 square feet, will be situated in the northeastern part of Oklahoma. It will be comprised of a 60-bed inpatient area, a 20-bed multipurpose unit, an outpatient department, areas for supportive services and space for field health activities. It is anticipated that the daily patient census will average about 54 and that there eventually will be 48,000 annual outpatient visits to the facility. Construction is scheduled to be completed during the middle part of fiscal year 1976.

## HEALTH FACILITIES -

2. Riverside School Health Center

| | |
|---|---|
| Riverside, California ........................ | $275,000 |

Construction funds for a replacement facility



## Existing Facility

A new school health center is requested for Riverside, California to replace the original school health facility that was built in 1904 and was razed to provide room for the new Bureau of Indian Affairs boarding school complex being constructed there. The current medical program is being conducted from a house trailer on the Riverside school campus; however, this facility is not properly designed to meet the health needs of a growing student population.

## Proposed Facility

A new school health center will provide services to an estimated student population of 1,000 pupils by fiscal year 1977. It will include space for medical, public health, dental clinics; examining and treatment rooms to properly examine, diagnose and treat minor illnesses and injuries, and give routine and specialized medical and dental care. It will enable screening for referral of serious or complicated conditions; specialized clinics; providing immunizations, physical examinations, health counseling and tests on all students; and giving in-service training to school and dormitory personnel. Serious illnesses and complicated cases will be referred to community hospitals in Riverside.

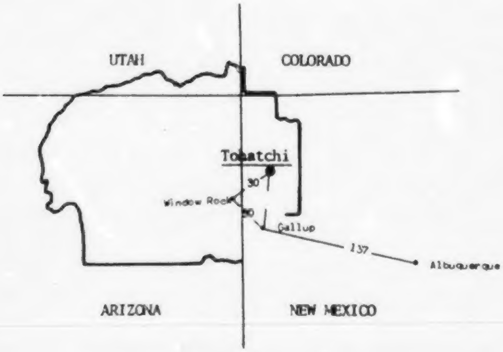
It is estimated that when in full operation the annual workloads will be 4,500 dental services performed and 10,000 clinical visits. Construction is scheduled to be completed during the latter part of FY 1976.

HEALTH FACILITIES - Continued

3 Tohatchi Health Center

Tohatchi, New Mexico ........................... $100,000

Expand Health Center



It is requested that $100,000 be appropriated in 1975 to expand the health center at Tohatchi, New Mexico. This expansion will alleviate overcrowded conditions and will provide space for a total of five dental operatories, a waiting area, a dental laboratory and a dark room.

At present, two existing dental operatories average approximately 1,900 dental examinations and 9,900 dental services per year.

The proposed addition plus some alterations, will provide space that will permit complete dental care to the approximately 5,000 children in schools in the vicinity of the health center. Care will also be provided where possible to pre-school children, prenatals, and specified young adults living in the general vicinity.

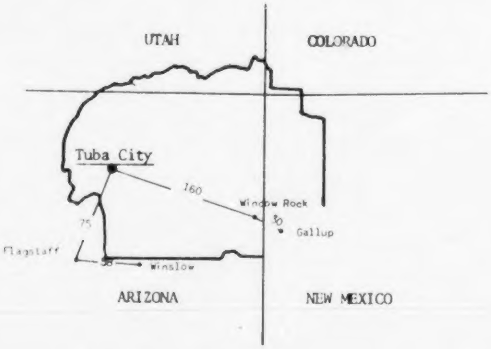
It is estimated that the eventual patient load will increase to 2,800 examinations and 15,800 services per year when the dental addition is completed during the first part of fiscal year 1976.

HEALTH FACILITIES - Continued

4. Tuba City Quarters

Tuba City, Arizona ........................... $5,500,000

Construction of 207 Units of Personnel Quarters


UTAH
COLORADO
Tuba City
160
Window Rock
30
Gallup
75
Flagstaff
58
Winslow
ARIZONA
NEW MEXICO

207 units of personnel quarters are requested in 1975 for the purpose of providing housing for additional staff that will be required to operate the new Tuba City Hospital currently under construction.

When the replacement hospital is in full operation there will be a total authorized staff of 380. There are currently 64 adequate units of housing available. An analysis of the personnel quarters requirements for Tuba City is as follows:

STAFF:

| | |
|---|---|
| Total Staff (after construction) | 380 |
| Less Local Hire | -109 |
| Total Quarters Needed | 271 |

QUARTERS:

| | |
|---|---|
| Existing Quarters Units | 85 |
| Less Substandard | -21 |
| Adequate Housing Units Available | -64 |
| Number of Quarters Required | 207 |

The distance from Tuba City to an established community (Flagstaff, Arizona) is approximately 75 miles. Private housing for rent or purchase is not available on or near the hospital site. Availability of private financing for housing is practically non-existent. Public transportation is not available. It is often necessary for the hospital staff to be available on a 24-hour basis and be immediately accessible to the hospital. To recruit and retain the necessary staff to conduct the comprehensive health program envisioned for Tuba City there is a requirement for 207 additional units.

SANITATION FACILITIES - 1975 Request ..................$40,521,000

Provision of essential sanitation facilities for Indian communities and homes is vital in the prevention of environmentally related diseases and is basic to the improvement of health. During the past 14 years the Indian Health Service has worked with Indians and Alaska Natives in a cooperative effort to correct the gross insanitary conditions existing in their communities and homes. Substantial progress has been made which has contributed to a reduction in the infant mortality and the gastroenteritis death rates; however, the lack of safe available water supplies and waste disposal facilities continues to be a significant deficiency in the Indian environment. This condition is in large measure responsible for the high incidence of preventable disease that still prevails among Indians and Alaska Natives. For example:

1. Gastroenteritis ranked second among the leading reportable diseases for Indians in 1972; incidence rates for amebiosis dysentery was 2.2 times, bacillary dysentery was 49.6 times, and infectious hepatitis was 10.7 times greater than the rate in the general population.

2. The Indian infant death rate was only slightly higher than that of the provisional death rate for the general population in 1972. However, for infants who returned to their home environment after hospital birth and particularly for infants one month through eleven months of age, the death rate was over two times that of the comparable age group in the general population. This condition is in large part associated with the lack of sanitation facilities in Indian homes and extremely crowded living conditions.

3. In 1973 approximately 20 percent of the Indian patients discharged from IHS and contract hospitals were treated for infectious diseases (respiratory, other infective and parasitic, and skin diseases) and their residuals. Most of these are associated with lack of running water, insanitary

conditions, and an overcrowded home environment.

ENVIRONMENTAL CONDITIONS

Contributing to these health problems is the widespread scarcity of safe water available to Indians and Alaska Natives for even elemental household purposes. Thousands of Indians on many reservations still haul water for home use for distances of a quarter of a mile or more. In such instances, use of water for domestic purposes is much less than the amount used by families in the non-Indian population. Contaminated streams, irrigation ditches, stock ponds, and unprotected wells and springs are often the only available supply. The excessive amount of time which Indians and Alaska Natives must thus spend combating the rigors of their environment is another contributing factor to the continuing impoverished conditions under which they live.

The lack of adequate facilities for the disposal of human and other household wastes also contributes to the health problems of the Indians and Alaska Natives. The absence of these facilities results in (1) spread of micro-organisms responsible for diarrheas and dysenteries; (2) insect and rodent infestations in Indian homes and communities; and (3) contamination of foods and domestic water supplies.

SANITATION FACILITIES PROJECTS

Public Law 86-121 enables the Indian Health Service to help alleviate the substandard environmental conditions that have been described. This law authorizes construction of domestic water supplies, waste disposal facilities and other essential sanitation facilities for Indian homes, communities, and lands.

Projects include one or more of the following features: water--source development, treatment, storage facility, distribution systems; waste (liquid and solid)--collection system, sewage treatment, disposal facility; household appurtenances--such as flush toilet or sanitary pit privy, kitchen sink, lavatory, and connecting plumbing.

INDIAN PARTICIPATION AND TRAINING

The Indian Health Service administers the program with the participation of Indian tribes, Alaska Native groups, and State and local health agencies. Participation by the Indians in project execution is stressed and tribes are equipped, trained and assisted to assume responsibility for continued operation and maintenance of completed community sanitation facilities. Education and training activities are also conducted for Indian householders to assure utilization, protection, and maintenance of household sanitation facilities.

These efforts have produced an increasing awareness by the Indian people of the advantages of adequate sanitation facilities. Indian governing bodies have shown a willingness to adopt the necessary measures which are required for continued operation and maintenance of completed facilities. These measures include establishment of tribal utility organizations, appointment of responsible maintenance personnel. collection of water and sewer charges, and adoption of sanitation ordinances and/or regulations. Each of these embraces new concepts in Indian self-government.

## CONSTRUCTION PROGRESS

Since the inception of this program in 1960 through fiscal year 1973, 1,763 sanitation projects have been undertaken. These include: 1,484 construction projects, (807 of which were associated with Federal and tribal housing projects) and 279 engineering investigations emergency works, and other special projects. Of the 1,763 projects undertaken, 1,251 are completed or in operation, 447 were underway as of December 31, 1973, and 65 were in the final planning stages. With the completion of the above work and the projects to be initiated during fiscal year 1974, approximately 50,500 existing Indian and Alaska Native homes will have been provided new or improved sanitation facilities. In addition, facilities will have been constructed for approximately 40,000 new and improved homes built under Federal or tribal housing programs.

## FISCAL YEAR 1974

The fiscal year 1974 appropriation of $36,179,000 for sanitation facilities construction included $31,945,000 for facilities to serve 8,500 new or renovated housing units being built under Federal and Tribal housing programs and for approximately 1,500 existing homes located within or adjacent to housing project sites. Also included in the fiscal year 1974 appropriation are: $3,779,000 for projects to construct facilities for approximately 1,989 existing homes at other locations and $455,000 for emergency works and special projects.

## FISCAL YEAR 1975

### Sanitation Facilities for new or renovated housing constructed by other agencies and existing homes at the same locations

The request for sanitation facilities of $40,521,000 includes $33,046,000 to assist Federal (HUD and BIA) and Tribal housing programs during FY 1975 which will permit the Indian Health Service to participate in the provision of sanitation facilities for approximately 8,000 new or renovated housing units and approximately 1,500 existing homes within or adjacent to housing project sites. In accordance with a mutual agreement with the Department of Housing and Urban Development, and the Bureau of Indian Affairs, the Indian Health Service is responsible for funding the construction of all off-site facilities required to serve the housing units. The Indian Health Service is responsible for conducting site investigations, soil-tests, and providing construction inspection of sanitation facilities for all new housing built by housing authorities. The agency responsible for house construction provides interior fixtures and plumbing. Sanitation facilities located on the house lot and within the housing project site boundaries are funded by local housing authorities when the housing project comes under programs of the Department of Housing and Urban Development. Except for interior plumbing the Indian Health Service provides all facilities for homes constructed or improved by the Bureau of Indian Affairs.

Other Sanitation Facilities Construction Proposed for 1975

The request also includes $7,000,000 for projects to provide new or improved sanitation facilities for approximately 3,525 existing Indian and Alaskan homes and communities not associated with housing program activities.

Special Projects

The request further includes $475,000 to provide for: construction of sanitation facilities for Indian ceremonial areas and for tribal buildings used for community gatherings; investigation and planning funds for urgently needed construction projects for which additional technical information is necessary before a solution can be recommended; correction of emergency problems related to Indian sanitation facilities such as occur from severe drought conditions, floods, failure of well casings and pumping equipment; and other unforeseen conditions which may require provision of materials, supplies and equipment for completing the construction or maintenance and repair of sanitation facilities serving Indians and Alaska Native communities.

The following table reflects the number of homes included in projects for FY 1973 - 1975:

## Number of Indian Homes Benefited

| | Fiscal Year Program 1973 Actual | 1974 Estimate | 1975 Estimate |
|---|---|---|---|
| **Projects to assist Federal and Tribal Indian housing programs:** | | | |
| (a) New and improved homes (HUD, BIA, Tribal and other) | 7,882 | 8,500 | 8,000 |
| (b) Existing homes served in conjunction with housing programs | 2,033 | 1,500 | 1,500 |
| Sub-total | 9,915 | 10,000 | 9,500 |
| **Regular Projects for existing homes:** | | | |
| (a) Water or waste or both | 1,325 | 900 | 1,855 |
| (b) Improved facilities or service | 2,672 | 1,089 | 1,670 |
| Sub-total | 3,997 | 1,989 | 3,525 |
| Total | 13,912 | 11,989 | 13,025 |

## 1975 REQUEST SUMMARY

| | |
|---|---|
| - Projects to assist Federal and Tribal Housing Programs for Indians | |
| (a) 8,000 new or improved housing units | $ 24,846,000 |
| (b) 1,500 existing homes located within or adjacent to housing project sites | 8,200,000 |
| | $ 33,046,000 |
| - Regular projects to serve 3,525 existing homes and communities in other locations | 7,000,000 |
| - Special projects for engineering investigations, emergency works, tribal buildings and ceremonial grounds, supplies and equipment and unforeseen conditions | 475,000 |
| Total | $ 40,521,000 |

## DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
## HEALTH SERVICES ADMINISTRATION

### ADMINISTRATIVE PROVISIONS, HEALTH SERVICES ADMINISTRATION

SEC. 1001. Appropriations contained in this Act, available for salaries and expenses, shall be available for services as authorized by 5 U.S.C. 3109 but at rates not to exceed the per diem equivalent to the rate for GS-18.

SEC. 1002. Appropriations contained in this Act, available for salaries and expenses, shall be available for uniforms or allowances therefor as authorized by law (5 U.S.C. 5901-5902).

SEC. 1003. Appropriations contained in this Act, available for salaries and expenses, shall be available for expenses of attendance at meetings which are concerned with the functions or activities for which the appropriation is made or which will contribute to improved conduct, supervision, or management of those functions or activities. (Department of the Interior and Related Agencies Appropriation Act, 1974.)

### REQUEST FOR 1975 FACILITIES COMPARED TO BACKLOG OF NEED

Mrs. HANSEN. In last year's report, the committee noted that 20 Indian hospitals are in need of replacement and 16 additional hospitals require major modernization. We also noted that 18,843 Indian homes needed running water and adequate waste disposal facilities and 18,968 Indian homes needed upgrading of existing sanitation facilities. What progress will your 1975 construction proposal make in reducing this backlog?

Dr. JOHNSON. In the hospital program, of course, as you know, Tuba City Hospital is under construction and will be completed about a year from now. We will be letting contracts for Zuni, for the Mississippi Choctaw Hospital and for Owyhee this spring. That is four that will be under construction during this next year.

We have in this budget funding for a replacement hospital at Claremore, Okla., and we will be going forward to complete the planning and move ahead on some 10 additional hospital locations, some of which I discussed with you this morning.

We have in place now I think a process which would permit us, as rapidly as the funding becomes available, to move directly in to replace these outmoded facilities and renovate those that need renovating.

I would point out, Madam Chairman, the way we are doing it now is a much more rational way of handling it. You don't see in here little bits and dabs of money for this hospital or that hospital. We have said, let's take a look at each of our facilities and master plan what needs to be done so we don't do something this year and 2 years later come back and decide we should do something else.

We are developing a master plan for each of the facilities, so then we can come in and although we may have to build things in pieces, at least we will know what the final establishment should look at.

Also, in the design/construct process for building hospitals—and we talked to you last year about having a master architect, for example, to design the five hospitals that we currently have under final plans. There are some real savings.

### NEW DESIGN-CONSTRUCTION PROCESS

Mrs. HANSEN. We can say there is a genuine saving in money.

Dr. JOHNSON. Not only is it a saving in money, it is also a saving in time.

Time, of course, is also money, with the escalating cost of construction. So that I think we now have in place the planning and the supervisory mechanisms in construction so that we can move expeditiously on any reasonable number of construction projects as rapidly as we can obtain the funding for them.

### SANITATION FACILITIES FOR INDIAN HOMES

Mrs. HANSEN. Many Indian homes still need sanitation facilities?

Dr. JOHNSON. That is the figure Mr. Chadwick gave you earlier, some 54,000 new homes needed and some 22,000 additional ones that needed first service.

Mrs. HANSEN. In this category, if HUD does not get moving, you are going to be further behind.

Dr. JOHNSON. We will certainly be behind in the new homes. We would, with the committee's concurrence, of course, use the funding for the existing homes that are already there and bring them up at least to sanitation standards as rapidly as possible.

### CLAREMORE HOSPITAL

Mrs. HANSEN. You are requesting $8,560,000 for the Claremore Health facility, Oklahoma. Is this the total cost of the facility?

Mr. CHADWICK. Total is $8,760,000. Planning money was appropriated previously.

Mrs. HANSEN. Are all the plans and environmental statements complete?

Dr. JOHNSON. Planning is not complete at this time. We have been through everything down to the final planning, now

We have been into the schematics and one-line drawing and the final configuration has been agreed upon by the health board in Claremore and by our staff. The architects are now working on the final design for this.

Mr. CHADWICK. We estimate we could award a contract in August of 1974.

Mrs. HANSEN. How does the cost per square foot for this facility compare with similar facilities that have been built in recent years?

Mr. CHADWICK. We are estimating the cost of this one to be $71.77. Tuba City being our last experience of what we have built recently, in a different location; $57.55. Candidly, Tuba City is in a higher cost isolated location so that gives you a comparison with the cost increases over a 2-year period.

Mrs. HANSEN. It is very difficult to compare the costs on your facilities because of the various cost factors involved in different areas. Isn't this correct?

Mr. CHADWICK. Yes, ma'am, it is.

### RIVERSIDE SCHOOL HEALTH CENTER

Mrs. HANSEN. $275,000 is requested for the Riverside School Health Center. Please explain what this involves.

Dr. JOHNSON. As you know, Madam Chairman, the Bureau of Indian Affairs operates about 1,000 pupil boarding school at Riverside, an off-reservation boarding school. The health facility that we had happened to be in the same site they needed for one of their new buildings. It was not such a good health center. It was an old building anyway. That was bulldozed down and we have been operating out of a trailer for the last couple of years. Money here would permit us to put up an adequate health center to go along with the otherwise good buildings the Bureau has for that boarding school.

### CONSIDERATION OF BIA CONSTRUCTION PROGRAM

Mrs. HANSEN. I was going to ask you if you take into consideration where the BIA has built new facilities and include health centers with them?

Dr. JOHNSON. Yes.

The Chemawa one, for example, that was added last year is to respond to the Bureau's moving into a planning process for that, now.

Mr. CHADWICK. The Congress added that, by the way.

### TOHATCHI HEALTH CENTER

Mrs. HANSEN. $100,000 is requested for the Tohatchi Health Center in New Mexico. Will you explain what this involves?

Dr. JOHNSON. The major part of that cost is for the dental clinic. They haven't adequate dental services there now.

Mrs. HANSEN. How many people will that facility serve?

Dr. JOHNSON. The total population of the Gallup area is about 19,000 with approximately 2,000 people in the general vicinity.

### REQUESTS FOR PERSONNEL QUARTERS AT TUBA CITY AND OTHER MECHANISMS FOR PROVIDING QUARTERS

Mrs. HANSEN. Explain what is involved in your request of $5.5 million for Tuba City personnel quarters, Arizona.

Dr. JOHNSON. As you know, Tuba City is some 75 miles out of Flagstaff which is the nearest other community, in a very isolated area, where there is no private housing. There is no private land one can obtain to build housing. Again, here is a problem that I guess we need to surface with the committee. Even when HUD was building, when housing was being developed, the problem with the housing is such that many of our employees were not eligible to live in the housing because they had jobs. So we have had the very sad experience of people asking not to be promoted because they would raise their salaries so much they would be moved out of the public housing and there is no other housing around.

I want to share with the committee the problem of housing on the reservation, not just for the Indian community itself, but for those who work within the Indian community.

Mrs. HANSEN. You have the same problem with your teachers.

Dr. JOHNSON. I do not like the process of building Government building for Indian Health Service staff. I am basically opposed to it, even though you see it here in the budget. Now I will tell you why. First of all, it tends to create a Government compound. I think if you are trying to develop a community health system, you know, people ought to live within the community and not off in a Government complex. That is one thing. You do not ever build a Government housing project scattered in the community. You build it in one place.

You have been up to Makah, you saw where we have our housing there. It is hard to lose 207 units, though, in Tuba City. They are going to show.

We spend a lot of time being concerned about housing and health program time assigning quarters, maintaining quarters, and all that. I would much prefer a mechanism put in place to provide housing for staff that did not require the Federal Government to go out and build it.

Mrs. **Hansen**. You might give it to GSA, they seem to have a genius for collecting money.

### LEASE-GUARANTEE PROGRAM TO INDIAN TRIBES FOR STAFFING HOUSING

Dr. **Johnson**. No way.

I am talking about something I believe the administration will be sending forward. A proposal to develop a lease-guarantee program for housing, so we could go here——

Mrs. **Hansen**. I hope it works better than their post offices.

Dr. **Johnson**. No; this is different. We would say to the tribe, we need a number of quarters out here. You build them and rent them to our staff. To the extent you have them vacant because of shortages of staff in there, we would pay you up to 95 percent of the rental that you would have gotten for that period of time that they are vacant.

So there is an incentive for them to keep them filled. They will get less money if they are empty.

Mrs. **Hansen**. The management problem no longer is your direct concern.

Dr. **Johnson**. That is right. You do not have to invest the Federal dollars and you try to build it throughout the community.

If we could do that, then we could, I think, eliminate this problem. The tribe given that kind of thing can go and get commercial paper and could go out and build them. I think we would get out of this housing business for our own employees through this mechanism. I would much rather use this $5.5 million to replace the Crownpoint Hospital or the Winslow Hospital than to put it into quarters.

Mrs. **Hansen**. The point is you will not have employees if you do not have houses built by somebody. Unless the tribe has the capability and some specific language to provide for these houses.

Dr. **Johnson**. At the present time in the absence of that kind of legislation this is in fact an absolutely essential thing.

Mr. **Chadwick**. That would give us 271 houses, we have for 380 staff. One hundred staff would be local employees we would not build houses for.

Mrs. **Hansen**. Have you ever discussed this with the tribal leaders. The Indian people now have a bank and they have a loan program.

Dr. **Johnson**. We have had a number of discussions with the tribes. This is a very attractive idea for them. If they could get a guarantee so they could get the financing for these things then I think we would very rapidly solve the problem of employee housing on the reservations. It would be an economic incentive for them and it would eliminate the compound aspects of the reservation. I think it would be tremendous for the development of the community. We may get some tribes who will do this even in the absence of the guarantee but most of them simply do not have the borrowing power or the capital to go out and do this. I think that would be a very attractive way for us to move into supporting development on the reservation without investing massive Federal funds in it.

Our cost would be relatively minimal.

Mr. McKay. This is why the Indian Bank was set up, to help accomplish some of this.

### WHITE EAGLE HEALTH CLINIC

Mrs. Hansen. I have received a letter from Congressman Camp's area in Oklahoma. What is the status of the White Eagle Health Clinic?

Mr. Chadwick. White Eagle is another community like those you referred to, where there is a need for a health center. No, we do not have it in the budget. We have had it in our plans for some time.

Mrs. Hansen. Have the plans been completed?

Mr. Chadwick. This is a case where they want to build a facility for us to lease like the other three we had before. It is the same facility we would build if we were going to build it. The order of magnitude would be about—a building sufficiently large to accommodate 3,000 people with some 24 employees.

Dr. Johnson. A little larger than the Hugo Health Center.

Mr. Chadwick. Obviously you would not need full year's money in any one year. If you were going to do such a thing that they would build, they would need time to build it before you started using it so the first year cost would be considerably less than the total.

In Hugo—those three were only a half million for the first year. There would be a little more than that rate, but that is that type of thing.

Dr. Johnson. This is the kind of thing, Madam Chairman, we are encouraging in the Indian communities. To the extent possible we encourage them to build the health facility, either as part of a community center they are building, or however.

It seems to me it has the advantage—I know maybe it is like the post offices, except, by golly, this one, the Indian community owns it. It is their clinic.

Mrs. Hansen. Why didn't they tell Congressman Camp this?

Dr. Johnson. The reason for that is they should not build a facility for us to lease unless we have the wherewithal to lease it from them.

Mrs. Hansen. This would really be leasing.

Dr. Johnson. That is what they are talking about, I am sure. Unless we have the money to be able to lease it, staff it and operate it, you see, then they have an empty building.

Mr. Chadwick. We advise them not to build it if we are not budgeted to use it.

Mrs. Hansen. Do you have the authority?

Mr. Chadwick. We have the authority but we do not have a budget base. This is one of the unmet needs we have.

### URBAN INDIAN HEALTH PROGRAM

Mrs. Hansen. In the past the committee has added funds for the Mineapolis Indian Health Board and others.

What is the status of that program?

Dr. JOHNSON. We have in operation now, of course, the Minneapolis Project which has been in operation, now, since fiscal year 1972. We are now in our third year of that one. That is serving some 10,000 Indian people in Minneapolis and I think has, at least to my satisfaction, demonstrated what we thought it was going to, and that is that even though a high percentage of Indian people in a city like Minneapolis have access to some degree of health care, they just don't get it.

These figures may not be completely right, but they are in the general order of magnitude. Somewhere in the neighborhood of 50 to 60 percent of the Indian people who came to the health board project had access to some kind of third party pay, or could have used the county hospital, but a small percentage of them were actually getting in. A number of people were discovered—I guess some 10 percent or so of the initial group they came across—who really needed immediate medical care but were not getting it. Through the project, they all got it.

The awareness of the county hospital to the needs of the Indian community has obviously expanded considerably, to the degree that the board of commissioners have put an Indian advocate in the outpatient clinic to help Indian people get into the hospital.

We have discovered that if it is going to work, you have to have a mechanism so somebody can come and get some help—not just talk—not just to be given referrals but you have to be able to come and get some kind of first-service and then you can get yourself inserted into the delivery system in the community.

We now have three additional ones.

Mrs. HANSEN. Where are they located?

### SEATTLE, OKLAHOMA AND CALIFORNIA URBAN HEALTH PROJECTS

Dr. JOHNSON. One in Seattle with the Seattle Indian Health Board; one in Oklahoma City, and a third one in California, which is an interesting group. It is a coalition, really, of eight different project areas all the way from San Francisco to San Diego who have put themselves together as an urban Indian health council. They have a small central staff that is helping to coordinate these eight projects.

The complexity of trying to assess the system, I think, is something that even those of us involved in this really did not appreciate until we got into this business. The problem of getting the third party pay mechanisms in place—you know, you may be providing some care but how does he get paid for it? Even though the person is clearly covered by, for example, medicare, do you have a provider number? Did they fill out the right form? All of these things. It has taken a great deal of technical help to them and so forth to help them get in place.

Now they have competent management. They have a good executive director, an Indian who is trained at the school of public health at Berkeley who manages that program and they are really beginning to turn over many times our small investment in terms of better access to health care.

Mrs. HANSEN. Is this in your fiscal year 1975 budget?

Dr. JOHNSON. These are still in the budget.

### OTHER URBAN PROJECT APPLICATIONS

There is also, Madam Chairman, an additional $500,000 that was provided last year. We have a number of project applicants before us now and I believe sometime within the next several weeks we will have a selection from the additional applicants.

Mrs. HANSEN. From what areas are the applications?

Dr. DE MONTIGNY. We have applications from Portland, Tucson, Tulsa, and Billings.

Mrs. HANSEN. Have you received an application from Chicago?

Dr. DE MONTIGNY. We have had verbal communication with the people from Chicago but no written proposal.

Mrs. HANSEN. With these proposals, this would almost complete the major urban areas?

Dr. DE MONTIGNY. If you are looking at the major population concentration; yes.

Mrs. HANSEN. The California proposal is very interesting because that covers a great deal of territory.

Dr. JOHNSON. The California one where you have a relatively small amount of money—I think they have gotten about $254,000, which is covering the eight projects, but that is the way they decided to do it. Instead of one or two projects, they said: "We will all get in there together and try to make it go. That is just good sense."

You can look at other places: Denver, Chicago, Cleveland, Milwaukee, there is some belief there may be a project coming there. Great Falls in Montana. Portland, there was a project from there.

Mrs. HANSEN. Is the $1.1 million in the budget adequate?

Dr. JOHNSON. What do we have now, $1,100,000? That is covering the four projects. There is $600,000 in the four projects that we have now plus the $500,000 added last year.

Mrs. HANSEN. Please insert in the record for the committee where the money has gone project by project and indicate how you plan to spend the funds in fiscal year 1975.

Dr. JOHNSON. Yes. We can give you the applications for the cities where we have applications. We would not be able to say which would be funded.

Mrs. HANSEN. The committee understands.

We want to see the size of the funding that you are granting to those projects which are already in operation, the amount of money that is budgeted for 1975, and the amount of the applications.

Dr. JOHNSON. We will be glad to do that.

[The information follows:]

| | |
|---|---|
| Currently funded: | |
| Minneapolis, Minn | $150,000 |
| California | 254,000 |
| Oklahoma City, Okla | 98,000 |
| Seattle, Wash | 98,000 |
| Total | 600,000 |
| 1974 funds not currently allocated | 500,000 |
| Total available | 1,100,000 |

The following additional applications have been received:

| | |
|---|---|
| Billings, Mont | $100,000 |
| California | 750,000 |
| Dallas, Tex | 232,697 |
| Milwaukee, Wis | 99,815 |
| St. Paul, Minn | 125,000 |
| Spokane, Wash | 150,000 |
| Pierre, S. Dak | 48,490 |
| Tucson, Ariz | 213,460 |
| Tulsa, Okla | 101,210 |
| Total applications received | 1,820,672 |

Applications that are being developed and are anticipated to be received in March follow: Chicago, Ill., Denver, Colo.

## CONCLUSION OF HEARING

Mrs. HANSEN. Dr. Johnson, I want to express my appreciation for your usual excellent testimony and to thank you and the staff. You have been most helpful. I want you to send our personal congratulations to the Office of Management and Budget for their getting aboard the Indian wagon.

Mr. FORBUSH. I think you should also include the Under Secretary.

Mrs. HANSEN. I want to thank Dr. Edwards for coming this morning and doing an excellent job. I want to thank him for coming back with a realistic knowledge of the Indian world. I also want you to extend my personal appreciation for Dr. Bock's services in the Navaho area.

Mr. FORBUSH. Mr. Miller also did a lot to get this budget through.

Mr. MCKAY. I think, Madam Chairman, we ought to commend them by saying that of all the agencies we hear we get as many straightforward answers as any group I know of. I think that is well appreciated.

Mrs. HANSEN. Our agencies are doing a little better this year.

Let me say this, as a private citizen I shall always be interested in what goes on in the Indian world.

Dr. JOHNSON. Let me personally thank you, Madam Chairman, for the 5 years I have been before this committee, you and the other members of the committee have always been very fair and very interested. I think the thing that makes the most difference to us is that I have always felt in this committee you cared.

Mrs. HANSEN. We do care.

Dr. JOHNSON. That is the thing that really helps. I think the fact that you people have been willing to go out to the field and visit our facilities, you have been in Indian homes and in their communities, they have looked to this committee as somebody who cares and they have some friends up here. I do not think we would have been able to keep these people together over all these years if it had not been for the belief that the Congress cared.

Mrs. HANSEN. I hope more and more members of the committee will visit the Indian communities all over this Nation. If they could go into some of those places in the Navaho areas they will appreciate the size of this problem.

Dr. JOHNSON. The opportunity is now. It is moving and it is going in the right direction.

Mrs. HANSEN. Thank you very much.

MONDAY, APRIL 1, 1974.

# TERRITORIAL AFFAIRS

## ADMINISTRATION OF TERRITORIES

### WITNESSES

**STANLEY S. CARPENTER, DIRECTOR, OFFICE OF TERRITORIAL AFFAIRS**

**DONALD R. MOYSEY, U.S. GOVERNMENT COMPTROLLER FOR THE VIRGIN ISLANDS**

**JOSE S. PEREZ, ADMINISTRATOR, GUAM ECONOMIC DEVELOPMENT AUTHORITY**

**FLOYD W. FAGG, GOVERNMENT COMPTROLLER FOR GUAM/TTPI**

**FRANCIS WILES, DIRECTOR OF BUDGET, DEPARTMENT OF THE INTERIOR**

Mrs. HANSEN. The committee will come to order.

This morning we have the Administration of Territories and our principal witness is Mr. Stanley S. Carpenter, Director of the Office of Territories.

Mr. Carpenter, I am sure you have a statement.

### INTRODUCTION OF ASSOCIATES

Mr. CARPENTER. Yes, I do. May I introduce the other witnesses at the table first.

Mrs. HANSEN. Please do.

Mr. CARPENTER. On my left Mr. Floyd Fagg, the Federal Comptroller for Guam, with additional responsibilities now for the trust territory——

Mrs. HANSEN. What does the additional responsibilities entail?

Mr. CARPENTER. You know in our last authorization bill there was a provision included to provide for the enlargement of Mr. Fagg's responsibilities to cover the trust territories. He is just really beginning that. With the approval of the Appropriations Committees, $75,000 was reprogramed for this activity for the rest of this fiscal year. I am sure Mr. Fagg can expound more on that as we go along.

Mrs. HANSEN. Please proceed.

Mr. CARPENTER. Next to Mr. Fagg is Mr. Joe Perez, who is Administrator of the Guam Economic Development Authority and, as you know, we have a request for $1 million for additional funds for the Economic Development Loan Fund in Guam.

Then on the right over here is Mr. Donald Moysey, who is the Federal Comptroller in the Virgin Islands.

Before I begin, Madam Chairman, I would like to express on behalf of all of us our very deep regret that this will be the last time we will be appearing before you. We shall miss you very much.

Mrs. HANSEN. Thank you very much.

Mr. CARPENTER. We wish you well in your well deserved retirement.

Mrs. HANSEN. The territory groups have been one of the very finest that I have had the opportunity of working with, but as I have said so many times, I will miss people but I am really not going to miss Washington, D.C.

Mr. CARPENTER. May I proceed with my statement. It is very short, Madam Chairman.

Mrs. HANSEN. Yes.

I do want to thank you again for your expression. It is very kind of you.

### DIRECTOR CARPENTER'S OPENING STATEMENT

Mr. CARPENTER. It is a pleasure for me to appear before you once again to testify on behalf of the appropriation requests for the territorial areas. I would like to use this opportunity to bring you up to date on developments in the administration of these territories. This past year has been busy, with the usual complement of frustrations but more positively a year of considerable progress.

First, I would like to touch briefly on the self-governing territories of Guam and the Virgin Islands. While our office has little statutory responsibility any more for these islands, we continue to enjoy a close working relationship with the governments and act as liaison with other Federal agencies when requested to do so by the Governors. We do, of course, continue to maintain Federal comptrollers in both Guam and the Virgin Islands who in turn work closely on a day to day basis with the local governments. Our fiscal year 1975 increase for the Guam comptroller is $29,000 which takes care of step increases and promotions plus normal annualization. The $230,000 increase for the Virgin Islands comptroller will fund two systems positions and normal reductions of lapses, pay increases, and related support.

### GUAM

With respect to Guam, I would like to point out that last fall Secretary Morton and Governor Camacho announced a joint review of all aspects of the Federal/Guam relationship. The Governor a few weeks ago announced the names of his representatives to the review group. We anticipate a meeting for the first time late next month in order to work out an agenda of items to be considered. The review will not be limited to any particular subjects, but rather will provide a forum in which to discuss any and all matters with the Federal Government which need attention. Our $1 million request under Public Law 90-601, "Guam Development Act of 1968," is a continuation of promoting economic development for local residents particularly in the areas of agriculture, fishing, and tourist development.

### AMERICAN SAMOA

With respect to American Samoa, the drive toward economic self-sufficiency has shown gratifying results, and this year marks the first year in which capital improvements are being handled strictly by local appropriations, not funds from the U.S. Congress. Our request is $14 million, the same as fiscal year 1974. This is all earmarked for operations. This accomplishment is a direct result of the support given by your committee in past years, along with a determined effort on the part of the government of American Samoa.

## TRUST TERRITORY OF THE PACIFIC ISLANDS

Moving now to the Trust Territory of the Pacific Islands, I believe this has been one of the most significant years in its history. In the negotiations for the future political status of the territory, there was a seventh formal round with the Congress of Micronesia's Joint Committee on Future Status last November. Agreement in principle was reached on the language of certain parts of the draft compact of free association and the United States tabled its draft of the remaining sections. Additionally, two formal sessions with the Marianas Political Status Commission were held in 1973 leading toward our common objective of a close and permanent relationship of those islands with the United States.

## MARIANAS RELATIONSHIP WITH THE UNITED STATES

Mrs. HANSEN. Mr. Carpenter, I had some visitors in my office the other day from Micronesia and they were concerned that not all the Micronesian districts were united on their future political status. As I understand the Marianas are not in agreement with the other districts. There was a deep concern by these people from Micronesia. They were members of the assembly of the congress.

Mr. CARPENTER. I realize that the other five districts of Micronesia are not at all happy with the fact that the Sixth District, the Marianas, wants to have a closer relationship with the United States than the others.

On the other hand, this desire on their part has been clearly evidenced for the last few years and they formally approached Ambassador Haydn Williams who is, as you know, the President's personal negotiator, for a different type of permanent political future which would give them a permanent relationship with the United States.

The United States has not encouraged this in any way but it is clearly what the majority of the people in the north Marianas want. We are concerned about the unity of Micronesia, but, at the same time, if we are faced with what appears to be the positive evidence of the natural aspirations of the people of that area I think we have an obligation to negotiate separately.

Mrs. HANSEN. The only reason I brought it up was because this group in my office expressed deep concern that there would be this fragmentation and that it might lead to one of your districts being in constant conflict with the other districts. They were afraid this situation would lead to inherent struggles among themselves.

### CULTURE AND TRADITION IN NORTH MARIANAS

Mr. CARPENTER. It is true of course that the north Marianas people do not have the close cultural ties and traditions with the rest of Micronesia. They have been more westernized over a period of time and they do feel strongly that they want to be permanently associated with the United States in a territorial or a commonwealth type of relationship.

On November 2, 1973, Secretary Morton issued a major policy announcement which will, when fully implemented, transfer certain of the trust territory's public lands to local district control. The Secretary and the High Commissioner, last January, announced a new education for self-government program to prepare the people of Micronesia for their future political status. Moreover, and made possible by a grant of $450,000 from this Congress, the Congress of Micronesia recently passed legislation calling for a constitutional convention which could well take place this calendar year.

The above, coupled with Secretary Morton's announcement of January 23, 1974, which paves the way for controlled foreign investment in the trust territory, indicates that the corner has been turned and we are progressing rapidly towards the joint goal of self-government for Micronesia with a much stronger economic base.

### TRUST TERRITORY BUDGET REQUEST

Our request is for our full authorization of $61 million, which includes $1 million for the successful economic development loan fund. Operations have been held to minimum levels to put more dollars into capital improvement projects. The trust territory's obligation problems seem to have ended in that we expect only $2 million unobligated for capital improvement projects by June 30, 1974.

This concludes my prepared statement and I would be pleased to answer any questions which you or the members of the committee may have.

### JUSTIFICATION MATERIAL

Mrs. HANSEN. We will insert justification pages 1 through 5 in the record at this point.

[The pages follow:]

DEPARTMENT OF THE INTERIOR
TERRITORIAL AFFAIRS
ADMINISTRATION OF TERRITORIES

## HIGHLIGHT STATEMENT

The fiscal year 1975 budget request for the account "Administration of Territories" totals $15,000,000, an increase of $500,000 over fiscal year 1974.

### American Samoa

The proposed 1975 appropriation for American Samoa is $14,000,000, the same amount as was appropriated for fiscal year 1974. This proposed funding program provides $320,000 for the Governor's office and $356,000 for the Judiciary. Federal grants for operations totalling $13,324,000 complete this funding request.

American Samoa continues to become less dependent on Federal funding. For example in fiscal year 1973 Federal funding (all sources) accounted for approximately 2/3 of it's budgeted resources. Continued economic development and self sufficiency has reduced this dependency to approximately 53% in fiscal year 1975.

### Guam

The sum of $1,000,000 in grant funds is requested for Guam economic development as authorized in the Guam Development Fund Act of 1968, an increase of $500,000 over the current year appropriation. With this request a total of $2,500,000 will be available to it's citizenary for the development of competitive business enterprises.

### U.S. Comptrollers

The fiscal year 1975 budget provides new funding of $875,000 for the U.S. Comptroller, Virgin Islands, and $625,000 for the U.S. Comptroller, Guam. The funding for these activities are provided under the provisions of P.L. 90-496 and P.L. 90-497 and are included in the "Administration of Territories" account for budgetary purposes.

### Appropriation Language Change

The appropriation language change -- elimination of the phrase "by transfer" in regard to the Comptroller's functions is proposed for fiscal year 1975. A change in accounting and budget display procedures makes this phrase unnecessary.

DEPARTMENT OF THE INTERIOR
TERRITORIAL AFFAIRS
ADMINISTRATION OF TERRITORIES

| | | |
|---|---|---|
| Appropriation, 1973 | | $22,375,000 |
| Transferred from "Internal Revenue Collections for Virgin Islands" (P.L. 90-497) | $470,000 | |
| Transferred from "Guam, Sec. 30 funds" (P.L. 90-496) | 469,000 | |
| Net transfers, 1973 | | 939,000 |
| Total available, 1973 | | 23,314,000 |
| Appropriation/Total available, 1974 | | 14,500,000 |

## Summary of Increases and Decreases, 1975

| | Base for 1974 | Increase 1975 | |
|---|---|---|---|
| **Guam:** | | | |
| Guam Economic Development Fund | $500,000 | +500,000 | |
| **American Samoa:** | | | |
| Operating costs for the Governor's Office and Chief Justice and High Court | 556,000 | +120,000 | |
| Grants for Operations | 13,444,000 | -120,000 | |
| Net Increase, 1975 | | | +500,000 |
| Budget Estimate, 1975 | | | 15,000,000 |

DEPARTMENT OF THE INTERIOR
TERRITORIAL AFFAIRS
ADMINISTRATION OF TERRITORIES

Analysis by Activity

| Activity/Subactivity | F.Y. 1973 Amount Available | Fiscal Year 1974 Total Appropriation | Fiscal Year 1974 Unobligated Balance | Fiscal Year 1974 Amount Available |
|---|---|---|---|---|
| Direct Program: | | | | |
| 1. Virgin Islands: | | | | |
| (a) Transfers to Comptroller's Office (P.L. 90-496)....... | $ 474,857 | $ --- | $ --- | $ --- |
| 2. Guam: | | | | |
| (a) Loans...................... | 3,393,322 | --- | 2,210,000 | 2,210,000 |
| (b) Grants..................... | 2,637,143 | --- | 1,070,000 | 1,070,000 |
| (c) Economic Development Fund... | 750,000 | 500,000 | 250,000 | 750,000 |
| (d) Transfers to Comptroller's Office (P.L. 90-497)....... | 446,180 | --- | --- | --- |
| Subtotal, Guam........ | 7,226,645 | 500,000 | 3,530,000 | 4,030,000 |
| 3. American Samoa: | | | | |
| (a) Governor's Office........... | 272,033 | 284,000 | 10,877 | 294,877 |
| (b) Chief Justice and High Court | 254,863 | 272,000 | --- | 272,000 |
| (c) Grants...................... | 15,497,763 | 13,444,000 | 352,025 | 13,796,025 |
| Subtotal, American Samoa............... | 16,024,659 | 14,000,000 | 362,902 | 14,362,902 |
| Reimbursable Program: | | | | |
| 1. U.S. Comptroller, Virgin Isl.... | 150 | 645,000 | 99,359 | 744,359 |
| 2. U.S. Comptroller, Guam.......... | 22,259 | 420,000 | 176,385 | 596,385 |
| Total Reimbursable Program............. | 22,409 | 1,065,000 | 275,744 | 1,340,744 |
| 4. GRAND TOTAL............. | 23,748,570 | 15,565,000 | 4,168,646 | 19,733,646 |

NOTE: In addition, the following amounts are currently available in fiscal year 1974 and are included in the fiscal year 1975 obligational program:

| | |
|---|---|
| Guam loans...... | $4,175,522 |
| Guam grants..... | 2,347,324 |
| Total...... | 6,522,846 |

DEPARTMENT OF THE INTERIOR
TERRITORIAL AFFAIRS
ADMINISTRATION OF TERRITORIES

Analysis by Activities

| Activity/Subactivity | F.Y. 1974 Amount Available | Fiscal Year 1975 Estimated Total Available | Fiscal Year 1975 Unobligated Balance From 1974 | Fiscal Year 1975 Budget Estimate | Total Available 1975 Compared to Total Available 1974 | Page Reference |
|---|---|---|---|---|---|---|
| Direct Program: | | | | | | |
| 1. Virgin Islands: | | | | | | |
| (a) Transfer to Comptroller's Office (P.L. 90-496)..... | $ --- | $ --- | $ --- | $ --- | $ --- | -- |
| 2. Guam: | | | | | | |
| (a) Loans..................... | 2,210,000 | 4,175,522 | 4,175,522 | --- | +1,965,522 | — |
| (b) Grants.................... | 1,070,000 | 2,347,324 | 2,347,324 | --- | +1,277,324 | -- |
| (c) Economic Development Fund. | 750,000 | 1,000,000 | --- | 1,000,000 | +250,000 | 9 |
| (d) Transfers to Comptroller's Office (P.L. 90-497)..... | --- | --- | --- | --- | --- | — |
| Subtotal, Guam...... | 4,030,000 | 7,522,846 | 6,522,846 | 1,000,000 | +3,492,846 | |
| 3. American Samoa: | | | | | | |
| (a) Governor's Office......... | 294,877 | 320,000 | --- | 320,000 | +25,123 | 19 |
| (b) Chief Justice and High Court................... | 272,000 | 356,000 | --- | 356,000 | +84,000 | 22 |
| (c) Grants.................... | 13,796,025 | 13,324,000 | --- | 13,324,000 | -472,025 | 25 |
| Subtotal American Samoa............. | 14,362,902 | 14,000,000 | --- | 14,000,000 | -362,902 | |
| TOTAL DIRECT PROGRAM.. | 18,392,902 | 21,522,846 | 6,522,846 | 15,000,000 | +3,129,944 | |
| Reimbursable Program: | | | | | | |
| 1. U.S. Comptroller, Virgin Isl.. | 744,359 | 975,000 | 100,000 | 875,000 | +230,641 | 6 |
| 2. U.S. Comptroller, Guam........ | 596,385 | 625,000 | --- | 625,000 | +28,615 | 10 |
| TOTAL REIMBURSABLE PROGRAM.............. | 1,340,744 | 1,600,000 | 100,000 | 1,500,000 | +259,256 | |
| GRAND TOTAL.......... | 19,733,646 | 23,122,846 | 6,522,846 | 16,500,000 | +3,389,200 | |

BUDGET AUTHORITY REQUESTED FOR FISCAL YEAR 1975
ADMINISTRATION OF TERRITORIES
BY ACTIVITY

| | F.Y. 1974 | F.Y. 1975 | Increase (+) Decrease (-) |
|---|---|---|---|
| Guam: | | | |
| Economic Development Fund......... | $ 500,000 | $1,000,000 | $+500,000 |
| Total Guam.................. | 500,000 | 1,000,000 | 500,000 |
| American Samoa: | | | |
| Governor's Office................ | 284,000 | 320,000 | +36,000 |
| Judiciary........................ | 272,000 | 356,000 | +84,000 |
| Grants........................... | 13,444,000 | 13,324,000 | -120,000 |
| Total American Samoa........ | 14,000,000 | 14,000,000 | --- |
| Total Appropriated Request (Budget Authority)............... | 14,500,000 | 15,000,000 | +500,000 |
| Reimbursable Program: | | | |
| Comptroller, Virgin Islands....... | 645,000 | 875,000 | +230,000 |
| Comptroller, Guam................ | 420,000 | 625,000 | +205,000 |
| Total....................... | 1,065,000 | 1,500,000 | +435,000 |

### TECHNICAL CHANGE IN APPROPRIATION LANGUAGE

Mrs. HANSEN. Please explain the appropriation language change mentioned on page 1 of your justifications.

Mr. CARPENTER. This is a technical change, Madam Chairman. I think Mr. Frank Wiles can respond more directly to that.

Mr. WILES. What this does is instead of being a formal transfer on the books of the Treasury for these taxes in the Virgin Islands and Guam they will get this money by reimbursement now. They won't need a formal document transfer. It puts it on a reimbursable basis instead of an advance payment basis.

Mrs. HANSEN. Are they happier with this change?

Mr. WILES. It is just accounting techniques.

Mrs. HANSEN. I know, but the accounting techniques of the Treasury Department have lost a great deal of money.

Mr. WILES. It doesn't change the amount. They still justify the amount.

### GUAM REHABILITATION LOANS AND GRANTS

Mrs. HANSEN. Please explain the $6,522,846 unobligated balance projected for the end of 1974 for Guam.

Mr. CARPENTER. Mr. Perez, can you respond to that?

Mr. PEREZ. On the Guam economic development fund?

Mrs. HANSEN. No.

You have an unobligated balance of $6,522,846 projected for the end of 1974 for Guam.

Mr. CARPENTER. This I believe refers to the former Rehabilitation Act that arose basically out of the typhoon of several years ago in which a certain proportion of those moneys which total $75 million was repayable to the United States as loans.

Am I correct on that?

Mr. PEREZ. Yes.

Those unexpended funds are still earmarked for certain projects that have not yet taken place.

There are already specific projects, but the projects are not yet ready.

Mrs. HANSEN. Will the funds for those projects be obligated by the end of the fiscal year?

Mr. PEREZ. Yes; Madam Chairman, they will be ready.

Mr. CARPENTER. We would expect so, Madam Chairman.

### VIRGIN ISLANDS COMPTROLLER

Mrs. HANSEN. We will insert justification pages 6 through 8 in the record at this point.

[The pages follow:]

COMPTROLLER - VIRGIN ISLANDS

Comptroller's Office, Virgin Islands: Fiscal year 1974, $645,000; fiscal year 1975, $875,000; increase, $230,000. The increase consists of:

| Increase (+) or Decrease (-) |  | Total | Total |  |
|---|---|---|---|---|
| Amount | Positions | Program | Positions | Explanation |
| $+230,000 | +2 | $975,000 | 36 | Increased funding for additional staff and reduction of lapses. |

|  | 1973 | 1974 | 1975 | Increase |
|---|---|---|---|---|
| Net authority.............. | 470 | 645 | 875 | +230 |
| Unobligated balance applied to budget program.......... | 5 | 99 | 100 | +1 |
| Total Program Requirement. | 475 | 744 | 975 | +231 |
| Full-time permanent positions authorized.......... | 26 | 34 | 36 | +2 |

Cost-Factors Involved in Increases

$80,000 for two additional positions for systems and procedure assistance.

$150,000 for reduction of lapses (3 man-years), annualization of pay increases, within-grade step increases, and other office support costs associated with the increased staffing complement.

The Government Comptroller for the Virgin Islands is charged with the responsibility for audit of all revenues and expenditures of all departments and agencies of the Territorial Government of the Virgin Islands of the United States. In a law enacted in 1968 (P.L. 90-496) the Congress spelled out that the audit activites of the Government Comptroller should be directed so as to (1) improve the efficiency and economy of programs of the Government of the Virgin Islands and (2) discharge the responsibility incumbent upon the Congress to insure that the substantial Federal revenues which are covered into the treasury of the Government of the Virgin Islands are properly accounted for and audited.

Systems and Procedures Assistance

The audits made by the Comptroller's Office have continued to disclose important deficiencies in the accounting/financial area of the Virgin Islands Government operations. The Territorial Government has spent considerable amounts on professional consulting services in attempting to improve its financial and accounting practices during the past few years. However, this has not been effective and most of the recommendations by the various consulting firms have not been implemented. The Virgin Islands Government needs assistance in this area. The assistance should be provided by highly trained professional Systems Accountants who can be assigned to projects in the trouble areas and stay with these projects long enough for the difficulties to be eliminated and to insure the continued proper operation of the system by Virgin Islands Government employees. Some of these assignments may last for several months.

The assistance can best be provided by the addition of Systems Accountants to the Comptroller's Staff. Their function will be to assist the Virgin Islands Government in correcting deficiencies. One Systems Accountant was authorized during 1973. An additional Systems Accountant was authorized for fiscal year 1974. Since it appears that the work of the Systems Accountants will very materially contribute to improving the financial/accounting affairs of the Virgin Islands Government two new positions are requested for this purpose for fiscal year 1975. These employees will not only assist the Virgin Islands Government in designing new systems and streamlining procedures but with the approval of the Virgin Islands Government they will also train employees in implementing new procedures and remain on the job long enough to insure that the new procedures are actually functioning satisfactorily.

Auditing

As disclosed by the attached summary of the Audit Workload as of July 1, 1973, the total audit workload is approximately 18,226 man-days or 83 man-years. It is not feasible, however, to attempt to perform all of the audit work in one year and an objective of doing it in approximately three years has been established. A three year cycle will require approximately 28 auditors which is two more than the staff authorized for fiscal year 1974. However, there are six vacancies on the audit staff at this time (Jan. 1974). It has been possible to recruit auditors at the lower grades, but it is expected that more difficulty will be encountered in recruiting the needed audit staff at the "In-charge" level. Requests for additional auditors must however be deferred until all existing vacancies are filled and the audit workload reappraised.

Accomplishments

Through fiscal year 1973 measurable benefits to the Government of the Virgin Islands resulting from the work of the Comptroller's Office has exceeded $16.2 million. This figure comprises $11.8 million from U.S. taxes collected on Virgin Islands alcoholic beverage shipments which had been underpaid by the U.S. Treasury and $4.4 million recovered as a result of inquiries and exceptions issued by the Comptroller covering overpayments, duplicate, and erroneous payments. In addition, as a result of audits completed and currently in progress, the Government Comptroller since July 1972 has issued a total of 316 inquiries and exceptions and notices of failure to collect amounting to almost $5 million. Other recent substantial savings to the Territorial Government which can be attributed to the work of this office includes stopping of a proposed payment of $153,000 to an individual which had been authorized without receipt of consideration; analyses and computations of unreported rental collections and cash shortages in excess of $20,000; repayment of relocation allowances and payments totalling $8,500 from certain officials; moving the Government to terminate certain uneconomic long-term leases; and persuading certain department heads through the Governor to institute actions to collect overpayments to numerous government employees totalling in excess of $300,000. In the annual report for fiscal year 1973 the Comptroller was not able to express an opinion as to the fairness of the financial statements of the Territorial Government because of the inadequacy of accounting records, the lack of accounting control over cash, receivables, and fixed assets, and the limitations on the scope of our examinations. The government has found it necessary in fiscal year 1972 and fiscal year 1973 to make net adjustments which reduce the recorded general fund cash balances by over $1.9 million covering errors relating to prior years' activities that were discovered as a result of attempts to reconcile bank accounts. One of the largest bank accounts which as of the end of fiscal year 1973 showed an outstanding check figure of $13.9 million has not been reconciled since February 1972 when the last listing of outstanding checks was made.

A specific example of the Comptroller's Office is the West Indian Transport Company case which is scheduled for trial in the U.S. District Court in the Virgin Islands during January 1974. It involves the alleged diversion and sale of water belonging to the Virgin Islands Government to such islands as St. Martens, Little Dix, etc. by the Barge Company and involves very substantial amounts. The case is the result of audit by the Comptroller's Office and the Comptroller's Office is assisting the Department of Justice in preparation of the case for trial and a representative of the Comptroller will testify at the trial.

## SUMMARY OF AUDIT WORKLOAD
July 1, 1973

| DEPARTMENT OR AGENCY AUDITED | MAN-DAYS |
|---|---|
| 1. Executive Offices of the Governor | 1,099 |
| 2. Office of the Lieutenant Governor | 664 |
| 3. Department of Education | 1,142 |
| 4. Department of Public Works | 1,412 |
| 5. Department of Finance - Except Tax Division | 1,590 |
| 6. Department of Finance - Tax Division Only | 746 |
| 7. Department of Property and Procurement | 995 |
| 8. Department of Public Safety | 1,003 |
| 9. Department of Agriculture | 409 |
| 10. Department of Labor | 697 |
| 11. Department of Commerce | 741 |
| 12. Department of Social Welfare | 479 |
| 13. Department of Health | 1,051 |
| 14. Department of Law | 594 |
| 15. Department of Housing & Community Renewal | 413 |
| 16. Department of Conservation & Cultural Affairs | 742 |
| 17. Municipal Courts of the Virgin Islands | 182 |
| 18. Supervisor of Electrons & Election Boards | 236 |
| 19. Legislature of the Virgin Islands | 158 |
| 20. College of the V.I. including Teacher Development and Training Program | 630 |
| 21. Water and Power Authority | 612 |
| 22. Port Authority | 582 |
| 23. Virgin Islands Housing Authority | 220 |
| 24. Virgin Islands Lottery | 180 |
| 25. Annual Certification of Net Revenues | 15 |
| 26. Annual Report of the Fiscal Condition of the Government of the V.I., to the Secretary of the Interior and the Governor of the V.I., to be submitted by the Secretary to the Congress of the United States | 550 |
| 27. Federal Grants and Contracts | 440 |
| 28. Special Audits | 110 |
| 29. Other Audits - Governmentwide | 534 |
| Total Audit Workload | 18,226 |

Note 1. Audits should be made on the average on a three year cycle.

### COMPTROLLER MOYSEY'S OPENING STATEMENT

Mrs. HANSEN. I think Mr. Moysey, the Comptroller, has a statement.

Mr. MOYSEY. Shall I read my statement?

Mrs. HANSEN. That is fine.

Mr. MOYSEY. Madam Chairman, under section 17 of the Organic Act as amended the Comptroller is charged with auditing all of the revenues and expenditures of the Government of the Virgin Islands in a manner which will improve the economy and efficiency of the Government of the Virgin Islands. The Comptroller has adopted the auditing standards established by the Comptroller General of the United States as published in 1972 in the booklet "Standards for Audit of Governmental Organizations, Programs, Activities and Functions."

Ten audit reports were issued during fiscal year 1973 and 17 have been issued in either final or draft form during 1974 to date.

Through fiscal year 1973 measurable benefits to the Government of the Virgin Islands resulting from the work of the Comptroller's office has exceeded $16.2 million. This figure comprises $11.8 million from U.S. taxes collected on Virgin Islands alcoholic beverage shipments which had been underpaid by the U.S. Treasury, and $4.4 million recovered as a result of inquiries and exceptions issued by the Comptroller covering overpayments, duplicate, and erroneous payments.

Mrs. HANSEN. Do you want to explain that?

Mr. MOYSEY. Well, the first part of it, of course, is——

Mrs. HANSEN. I understand the first part.

Mr. MOYSEY. The second part is from the results of audit we find many cases where they had inadvertently paid bills twice and things of this type. We occasionally find payments which we consider improper and we issue an exception.

Mrs. HANSEN. Then what happens?

Mr. MOYSEY. Well, the figures I referred to are actual dollar recoveries, for all of our exceptions.

Mrs. HANSEN. How much is unrecovered?

Mr. MOYSEY. In our annual report here we have a figure of the amount outstanding. Again these are inquiries and exceptions, Madam Chairman, and there might be some disagreement on some of them.

Mrs. HANSEN. In other words, they do challenge your exception. Is this correct?

Mr. MOYSEY. Yes, Madam Chairman, they do.

On June 30, 1973, we had $3,090,753 outstanding.

Mrs. HANSEN. How much of that was challenged?

Mr. MOYSEY. I don't have any exact figure, Madam Chairman. I would estimate something like 40 or 50 percent of it.

Mrs. HANSEN. Please proceed with your statement, Mr. Moysey.

### SAVINGS TO THE VIRGIN ISLANDS

Mr. MOYSEY. In addition, as a result of audits completed and currently in progress, the Government Comptroller since July 1972 has issued a total of 316 inquiries and exceptions and notices of failure to collect amounting to almost $5 million.

Other recent substantial savings to the Territorial Government which can be attributed to the work of this office includes stopping of a proposed payment of $153,000 to an individual which had been authorized without receipt of consideration; analyses and computations of unreported rental collections and cash shortages in excess of $20,000; repayment of relocation allowances and payments totaling $8,500 from certain officials; moving the Government to terminate certain uneconomic long-term leases; and persuading certain department heads through the Governor to institute actions to collect overpayments to numerous government employees totaling in excess of $300,000. In the annual report for fiscal year 1973, the Comptroller was not able to express an opinion as to the fairness of the financial statements of the Territorial Government because of the inadequacy of accounting records, the lack of accounting control over cash, receivables, and fixed assets, and the limitations on the scope of our examinations. The Government has found it necessary in fiscal year 1972 and fiscal year 1973 to make net adjustments which reduce the recorded general fund cash balances by over $1.9 million covering errors relating to prior years' activities that were discovered as a result of attempts to reconcile bank accounts. One of the largest bank accounts which as of the end of fiscal year 1973 showed an outstanding check figure of $13.9 million has not been reconciled since February 1972 when the last listing of outstanding checks was made.

### WEST INDIAN TRANSPORT COMPANY CASE

A specific example of a Comptroller's Office accomplishment is the West Indian Transport Co. case which is scheduled for trial in the U.S. District Court in the Virgin Islands during April 1974. It involves the alleged diversion and sale of water belonging to the Virgin Islands Government to such islands as St. Martens, Little Dix, et cetera, by the Barge Co. and involves very substantial amounts. The case is the result of audit by the Comptroller's Office and the Comptroller's Office is assisting the Department of Justice in preparation of the case for trial and a representative of the Comptroller will testify at the trial.

Monetary benefits to the Government of the Virgin Islands during fiscal year 1973 from activities of the Comptroller's Office amounted to $5.8 million including $3.9 million for prior years' shortages in matching funds mentioned above. In addition, 17 notices of failure to collect amounts due the Government of the Virgin Islands involving $1,133,819; 76 inquiries on contemplated exceptions involving $192,279, and 38 notices of exceptions involving $336,655 were issued during fiscal year 1973.

### LEGAL SIGNIFICANCE OF EXCEPTIONS

Mrs. Hansen. You actually haven't resolved the differences between the Virgin Islands and yourselves.

Mr. Moysey. Referring to the exceptions, Madam Chairman, they are of questionable legal significance. We do issue formal exceptions.

Mr. Hansen. Please explain what this involves.

Mr. Moysey. We have been advised by the General Accounting Office that they are more in the nature of audit exceptions rather than having legal standing which would, for example, be an exception affecting settlement by the certifying officer concerned.

However, the Government of the Virgin Islands does so regard them and we have continued to use them for this reason.

Mr. Evans. Madam Chairman, may I inquire?

Mrs. Hansen. Yes.

Mr. Evans. Are these just technical errors or technical disagreements?

Mr. Moysey. Under section 17 we are charged with reporting any irregular or improper expenditures and these are the nature of them. If we find duplicate payments we would issue an inquiry and exception. If we find payments which we think are questionable or improper we will issue an exception. We start off with an inquiry which asks them to explain the situation.

Depending upon the reply we get we might issue a formal exception. These are regarded so far in the settlement of a certifying officer's account. In some cases they are so regarded to the extent that the legislature has seen fit to relieve the certifying officers for the amounts involved. But again we have been advised by the General Accounting Office that they do not have the legal status of an exception in the generally accepted term.

Mrs. Hansen. So all you can do is just note the exception and the Virgin Islands makes a reply. Is that correct?

Mr. Moysey. Well, they do often do something about them. We have collected substantial amounts, as indicated in the statement here.

Mrs. Hansen. Supposing they don't do anything to correct the deficiencies?

Mr. Moysey. There is then nothing we can do except try to do something about it.

Mrs. Hansen. Has this job increased your problems?

Mr. Moysey. Madam Chairman, we certainly have plenty of problems. We are trying real hard, as I say later in my statement, to help the Virgin Islands government through the use of systems accountants. This is fairly new. We will come to that later.

### VIRGIN ISLANDS REVENUES

During fiscal year 1973 revenues of the government of the Virgin Islands totaled $176.1 million as compared with $167.0 million for fiscal year 1972. Standard government operating and capital expenditures totaled $204.2 million as compared with $162.4 million for fiscal year 1972. The recorded $1.2 million surplus balance in the general fund as of June 30, 1973, would have been a deficit of $10.4 million excepting for transfers of $7.9 million from the matching funds and $3.7 million from the interest fund. U.S. Government financial assistance, including the income tax which is retained, accounted for 80 percent of the revenue for 1973 and amounted to $141.7 million.

The total audit workload is estimated as 18,226 man-days, or 83 man-years. Performing this work on a 3-year cycle, which is considered reasonable, will require approximately 28 auditors, which is two more than authorized for fiscal year 1974. However, we believe that requests for additional auditors should be deferred at this time until the existing vacancies are filled.

### AUDIT EMPLOYMENT LEVEL

Mrs. Hansen. How many are filled?

Mr. Moysey. We have 5 vacancies, which means there are 29 filled. The authorized ceiling at the present time is 34, which will provide a staff of 26 auditors, 2-systems accountants, and an administrative staff of 5, in addition to the Comptroller. This includes four vacancies in auditor positions and one systems accountant vacancy. Two of the vacant positions are for St. Croix to reestablish the office there. An auditor who is a C.P.A. has been selected to fill one of the vacancies on St. Croix subject to Civil Service Commission approval.

Two additional systems accountants positions are requested. We presently have one systems accountant on board and one vacancy. Our audit reports continue to disclose serious deficiencies in the fiscal/accounting area. It is most important that competent assistance be provided the government of the Virgin Islands in correcting the deficiencies. The assistance should be provided by highly trained professional systems accountants who can be assigned to projects in trouble areas and stay with these projects long enough for the difficulties to be eliminated. Some of the assignments to projects will require many months or a year or more to complete.

Our present systems accountant has been assigned to work with the Department of Health in improving billing and collection procedures in the hospitals and clinics for services rendered. The dollar amount of outstanding bills for hospital and medical charges increased $1,812,614 to $7,803,496 during fiscal year 1973, and the number of accounts from 265,939 accounts to 301,064 accounts, an increase of 35,125 accounts.

### HOSPITAL COLLECTION PROBLEM

Mrs. Hansen. Why has this occurred?

Mr. Moysey. They send them a bill, Madam Chairman. That has not proved an effective way of handling the matter.

Mrs. Hansen. That is obvious.

Mr. Moysey. Yes, Madam Chairman, that is obvious.

Mrs. Hansen. How can you change that procedure?

Mr. Moysey. We are in the process of making several recommendations. The principal recomendation is that they interview patients coming in and provide some means of collecting the amounts or else decide they aren't going to collect. We feel that the clerical effort and even the cost of postage in sending out this mass of bills, and certainly 300 and some thousand bills is more than any department can handle, is largely a waste of time.

Mrs. Hansen. Is it because the average person requesting assistance from the hospitals cannot afford the hospitalization?

Mr. Moysey. Not necessarily, Madam Chairman.

It is true that in the Virgin Islands they have a law that no one shall ever be denied medical assistance but, unfortunately, they don't have cashiers, for example, on hand on weekends and this means that people come in and even if they try to pay they can't pay because there is no cashier present and they send out a bill and people tend to ignore the bills, and this is the situation that has developed.

Mr. McKay. I believe I would ignore it, too, if nobody would receive my money.

Mr. Moysey. So now we have a systems accountant working in the area and we have received good cooperation from the Commissioner of Health and it is my plan to continue her presence in this department.

Most of these accounts are more than 1 year old, and the majority involve small amounts. We will submit recommendations to the government to help eliminate the problem very shortly, and with the approval of the government, the systems accountants will remain on the assignment for several more months to help implement the recommendations. Our experience to date indicates that such assignments will take longer than anticipated but we are hopeful that the assistance provided will help the government of the Virgin Island eliminate its fiscal/accounting problems. There is an urgent need for the two additional systems accountants to help eliminate some of the problem areas.

Mrs. HANSEN. After they have determined that so many hospital bills are noncollectable then what does the government of the Virgin Islands do? Reimburse the hospitals?

Mr. MOYSEY. They just write them off and the hospital proceeds on appropriations and so forth——

Mrs. HANSEN. From the Virgin Islands government?

Mr. MOYSEY. Yes, ma'am. There has been a problem in writing the accounts off because of formal approval required by a committee. We are making recommendations that the hospital administrators be authorized to write off accounts up to a specified amount, such as $200 or something of that type. We feel that the clerical effort and the cost of postage and so forth is disproportionate to the amounts being collected from this mass of bills.

Mrs. HANSEN. You don't feel you will recover very many of these back bills?

Mr. MOYSEY. No, ma'am.

We feel they are mostly worthless.

### NEED FOR TRAINED STAFF

Mr. CARPENTER. If I may add, Madam Chairman, as you see, we have had and still have many problems in this whole area in which Mr. Moysey is working so hard. I think that he has made considerable progress in the last year or two in developing a better working relationship with the various branches of government and particularly with the Governor himself.

There is a lot to be done in the whole field of training staffs in the government, which may not be as fully qualified as we would like, but in the general area of education to the need to improve procedures and accounting, and otherwise I think we have made some progress.

### ACCOUNTING PROCEDURES

Mr. VEYSEY. Madam Chairman.

From what I have heard here it occurs to me that the accounting procedures don't seem to parallel or resemble in any way what the law and the practices are. It seems to me that is the problem down there.

The accounting is going off in one direction and the real world is going someplace else.

Will bringing in systems accountants bridge that?

[Discussion off the record.]

Mr. MOYSEY. For example, we think the procedure for writing off of accounts and the procedure for sending out bills need changing. This is our position and we are making a recommendation that they be changed, but actually getting these things done requires the presence of someone working with these people for a long period of time.

Mr. VEYSEY. It isn't a real problem, if the plan, or the law or whatever down there, is to give everybody free medical attention and never do anything about it, that is one thing.

Mr. MOYSEY. If that is the plan, then I recommend we stop wasting time trying to collect the bills.

Mr. VEYSEY. Exactly, so you might as well get that all together if that is what you are going to do.

Mr. MOYSEY. Of course, that is up to the Virgin Islands government.

Mrs. HANSEN. The committee has to understand that this is a two-way street. The Virgin Islands government is independent.

Mr. LONG. Will the gentlelady yield?

Mrs. HANSEN. Yes.

Mr. VEYSEY. I just wanted to conclude one thing further on that point. But this business of keeping accounts is independent of everything. It is going off in another direction.

### RELATIONSHIP BETWEEN COMPTROLLER AND VIRGIN ISLANDS GOVERNMENT

Mrs. HANSEN. Last year, the committee investigative staff prepared a report which identified numerous problems in relationships between the U.S. Comptroller and the Virgin Islands government.

What improvements have been made, if any, in the last year? Mr. Moysey, please explain the background of this situation for the members who don't understand what did transpire earlier.

Mr. MOYSEY. The committee sent some auditors down to my office, and they reviewed our audit reports and working papers and came up with a number of findings of deficiencies largely in the accounting/financial area.

I would also like to comment that I am an employee of the Department of the Interior. I report to Mr. Carpenter. The Virgin Islands government is completely independent. Our means of getting desired improvements accomplished is through the cooperation largely of the Virgin Islands government.

The Secretary of the Interior to the best of my knowledge, has no direct control over the Virgin Islands government. Improvements take longer than they do in most cases.

### FINANCING OF VIRGIN ISLANDS GOVERNMENT

Mrs. HANSEN. I think you should explain what financing the Federal Government supplies to the Virgin Islands.

Mr. MOYSEY. The Virgin Islands revenue largely comes as financial assistance. They retain their income tax, for example—this is by the Organic Act, special statute—rather than turn it over to the U.S. Treasury. That is the biggest single source of revenue. In addition to that, they get back from Treasury the amount of tax paid in liquor, largely rum in the case of Virgin Islands, the $10.50 I believe per proof gallon. These are the two biggest single sources of revenue for the Virgin Islands. There are also local taxes such as gross receipts tax, excise tax, and various licenses and fees.

Mrs. HANSEN. But those go directly to the Virgin Islands government.

Mr. MOYSEY. Yes, ma'am. Those are Virgin Islands taxes all the way through. They are levied by the Virgin Islands government and collected by them.

Mr. CARPENTER. Aside from the so-called matching funds, the return of the rum tax—that is a straight direct transaction—there are no direct appropriations from the U.S. Congress to the Virgin Islands.

Mrs. HANSEN. This committee makes no direct appropriations to the Virgin Islands government, except for the Comptroller's Office.

Mr. MOYSEY. I did leave out one important source of revenue and that is what we refer to as categoric grants. I believe that totals about $17 million in fiscal 1973.

Mrs. HANSEN. But that program is not funded by this subcommittee.

Mr. MOYSEY. No.

Mrs. HANSEN. Dr. Long.

Mr. LONG. We have this going on all the time. You say a country is independent when the truth is it is heavily dependent on us financially. We know that a lot of rich people, including an acquaintance of mine, went down there to live and to escape U.S. income taxes.

[Discussion off the record.]

Mr. LONG. I don't call this independence, and I think we ought to stop pretending that it is.

Mrs. HANSEN. As an Appropriation Committee, we have to consider this request. If you want to change the status of the Virgin Island Government relationship with the United States, you would have to present your views to the authorizing committee which has this responsibility. But a year ago the committee did feel that the Comptroller's Office could make some significant input into assisting in problems jointly with the Virgin Islands Government. That is why we had our auditors work with the Comptroller to highlight some of the things that they felt needed improvement and that the Virgin Islands Government themselves should be aware of. They prepared an excellent statement.

### GOVERNMENT RELATIONSHIP WITH COMPTROLLER

Mr. LONG. I understand that and I think the purpose of this audit is excellent, but the audit doesn't serve a useful purpose if we merely turn it over without comment to the Virgin Islands, and I would hope we could get somebody suggestions for legislation that would change the system.

You are going through a pretense of running a medical system which is supposed to pay for itself, or pay for part of itself, and you couldn't collect dollar one from anybody with any brains under a setup like this and you are penalizing the people who do pay because they are having to pay for the people who don't pay.

Do they collect any money at all?

Mr. MOYSEY. Yes, sir, they do.

Mr. LONG. How much?

Mr. MOYSEY. I am sorry, I can't give you the figure at the moment. I would be glad to supply it for the record.

Mr. LONG. Would you put it in the record, and I would like to know the amount they collect, how it compares with the cost of our audits and so on, and the cost of running the system.

[The information follows:]

**According to revenue ledgers of the Department of Finance $549,846.34 was collected from patients during fiscal year 1973. The budget for the Comptroller's Office for fiscal year 1973 was $475,000. The Comptroller's Office, of course, audits all departments not just the Department of Health.**

Mr. CARPENTER. Could I go off the record just a moment?

Mrs. HANSEN. Yes, Mr. Carpenter.

[Discussion off the record.]

### NEED FOR ADDITIONAL LEGISLATION

Mr. LONG. We ought to harvest something from all the work you are doing. We need proposals for legislation, or at least to have your findings turned over to a committee which could come up with legislation.

The Virgin Islands are being helped by tremendous subsidies of the Federal Government in all kinds of ways. It is time we opened our eyes to it. I think a direct subsidy where the money is actually laid on a line is far better than one that has all sorts of back doors where you don't know what subsidies you are putting in.

Would you agree with that?

Mr. CARPENTER. I would agree. If I may also add off the record.

[Discussion off the record.]

Mr. LONG. I don't see why the Governor should ever change from this system unless he has to. Isn't that right?

Mr. CARPENTER. Well, I think there is a measure of truth in that: yes.

Mr. LONG. Cooperation, you know.

[Discussion off the record.]

Mrs. HANSEN. When was the authorizing legislation passed?

Mr. WILES. It is about 2 or 3 years old now, isn't it?

Mr. CARPENTER. Yes; 1969 or 1970, I believe, was the basic Organic Act.

Mr. MOYSEY. As a matter of fact, election is coming up this year, so that is correct, about 3 years.

### REASON FOR FISCAL MANAGEMENT PROBLEM

Mr. EVANS. What seems to be the primary difficulty? Is it a lack of skills in accounting? Is it a lack of, by our standards, honesty? What is it? A lack of personnel?

Mr. CARPENTER. When they went the elected-governor route they didn't really have the quality of staffing up and down the line. They have some very good people at the senior levels but as you get down into the middle levels the basic education, training, and so on is not by our standards as much as we would like.

This is an accounting problem.

Mrs. HANSEN. The United States Treasury Department, which certainly knew better, had difficulties with their computers for how many years?

Mr. CARPENTER. Going back about 6 or 7 years, I believe.

**Mr. Moysey.** Did you want me to comment on that?

**Mrs. Hansen.** Yes.

### TREASURY DEPARTMENT ERROR

**Mr. Moysey.** The errors were due, as I understand them, and this gets into Treasury Department Customs records which I do not have access to—coding errors.

In other words, the computers probably did not make errors but the material fed into them was wrong.

In other words, the documents were improperly coded. If the payments were made for rum, which usually is the situation, rather than being earmarked as from the Virgin Islands it was coded with some other number. Customs assures us that the errors have been corrected. But it did result in underpayments, as the chairman has indicated, of several millions of dollars.

I meant to stress the fact that the data going into the computer was wrong to start with. The computer will not correct it.

**Mr. Long.** Most fools are logical. It is in the input of assumptions that the foolishness lies.

### ALIEN POPULATION PROBLEMS

**Mr. Evans.** Are there cultural problems? Are there policy differences that also cause these discrepancies?

**Mr. Carpenter.** There are both.

In the cultural field, of course, they have large numbers of aliens who, because of a labor shortage, come in from other islands of the Caribbean where the living standard is much, much lower. They come to the Virgin Islands with its relatively high wage scale. Under a ruling by the courts 2 years ago aliens who are permanently resident were permitted to bring in their families with large numbers of children.

This tended to put a very heavy load on the school system with which we have been trying to cope in the last 2 years. So you have a large group of relatively unskilled, relatively uneducated people residing there from other islands.

I think there is, on the policy side, a basic difference between the way the Governor looks at auditing and Mr. Moysey's basic instructions. The Governor believes a straight audit is fine, but as soon as you get into the so-called management audit type then you are getting into the policy field which he feels is his business as Governor down there.

So this has been an area where Mr. Moysey and the Governor have had long discussions and have been trying to work out a compromise in viewpoints.

### POPULATION OF VIRGIN ISLANDS

**Mr. Long.** What is the population of the Virgin Islands?

**Mr. Carpenter.** Roughly about 100,000.

**Mr. Long.** 100,000.

**Mr. Carpenter.** Yes, sir.

**Mr. Long.** That is about the size of one little tiny corner of my congressional district. It is one-fifth of an average congressional district. I would be very interested to know and get the GAO or you to give us, if you can, an estimate of what our indirect subsidy is to this country; revenue losses of all these kinds so I can get it on a per capita basis, about the cost of what we are paying for their government in their direct appropriation, what it is costing us in these taxes given up, et cetera.

### CATEGORICAL GRANTS

Mr. MOYSEY. I will be glad to send you a copy of my annual report.

Mr. LONG. If he can work out this in total and per capita, I think it would be very helpful to see how much we are being taken down there.

Mr. CARPENTER. All right.

[The information follows:]

| Federal financial assistance, fiscal year 1973, including: | |
|---|---|
| Retained income taxes | $141,752,000 |
| Estimated population | 100,000 |
| Per capita Federal financial asistance | $1,418 |

### IMPROVEMENT BY GOVERNMENT DUE TO COMPTROLLER RECOMMENDATIONS

Mrs. HANSEN. Do you want to list the improvements that have been made, Mr. Moysey, as a result of your conversations with the Governor?

Mr. MOYSEY. These improvements take a lot longer than might normally be expected, Madam Chairman.

Mrs. HANSEN. I understand.

Mr. MOYSEY. We have our systems accountant working in the health department, as I indicated, and, for example, they have now limited their attempts to collect accounts under $10 to the time the patient is in the hospital. This is one specific accomplishment.

In other areas there are various things in progress. That is one that comes to mind.

Do you have any specific questions?

Mr. CARPENTER. Greater access to internal records and that sort of thing.

Mr. MOYSEY. Well, we arranged with the Internal Revenue Service, inspection service, to make an audit of the tax division.

This was sort of a compromise worked out between the Governor and myself. They have done this. We are now actually reviewing their enforcement and collection of certain local taxes, excise tax, for example, and gross receipts tax, so there has been progress made there.

We have received some internal audit reports. We do not receive them all.

Mrs. HANSEN. I think our investigators commented on some of the land transactions.

Has there been any improvement in that category?

Mr. MOYSEY. The result of our audit reports is that there are two suits in court right now involving Gramboko School which is, I believe, is one commented on by the auditors.

Mrs. HANSEN. Are the suits in the courts of the Virgin Islands?

Mr. MOYSEY. Yes, ma'am. They are trying to dispossess the lessee.

### JURISDICTION OF COURTS

Mrs. HANSEN. Who appoints the judges in the Virgin Islands?

Mr. MOYSEY. The Federal district court has jurisdiction over all cases involving certain types of crime. In fact, it is my understanding that only misdemeanors are subject to being tried outside of the Federal district court. The judge, I believe, is appointed for a specified number of years. I am not certain of this. I believe it is by the President. He is a Federal district judge. There are certain local judges that are appointed by the Governor. Also one of our reports related to a situation over on St. Croix where the land was worth several million dollars and the rental was a few hundred dollars a year. The Virgin Islands government has also sent out a notice to dispossess this man so it is the reason I say that thing take a little longer down there but these actions are in progress.

Mrs. HANSEN. What specific changes have been made by the Virgin Island government as a result of reports and recommendations from the Comptroller in the last year, other than those you noted?

Mr. MOYSEY. I have some difficulty in trying to recall any particular ones which have been made, Madam Chairman.

Mrs. HANSEN. Do you want to insert a list in the record?

Mr. CARPENTER. We will submit that for the record.

[The information follows:]

The financial control over fixed assets has improved some since the Department of Finance has been working to have the general ledger accounts function as control accounts.

The Virgin Islands attorney general has taken positive action to recover two valuable properties leased to private parties for less than a fair rental value. A civil action was filed at district court to set aside the lease of the Gramboko School property and a notice to vacate has been served on the lessee of airport property.

The government of the Virgin Islands has worked on reconciliations of major bank accounts but the bank accounts remain unreconciled.

The Commissioner of Health has adopted our recommendation that efforts to collect charges for services for selfpaying patients for amounts not in excess of $10 be limited to either collecting the charge or furnishing the patient a bill while the patient is in the hospital or clinic. This should help reduce the large number of bills being issued and the time spent on nonproductive collection efforts.

## CRIME PROBLEM

Mrs. HANSEN. Mr. Carpenter, you have had a severe problem of crime in the Virgin Islands, which is reflecting itself apparently in the tourist business.

As a result you have an increasing unemployment. Do you want to tell me what is happening and what can be done?

I realize this is not your responsibility.

Mr. CARPENTER. No, but we are pulled into it by letters and other means.

One of the root causes, of course, is the great influx of alien laborers with large families and many of the crimes I understand have been perpetrated by a rather hardened lot of young teenagers who have not had enough influence either by schooling or by other means in ordinary citizenship.

Mrs. HANSEN. Where is your influx principally from? Are they from Barbados? Jamaica?

Mr. CARPENTER. They come from several different islands, and surrounding islands south of the Virgin Islands generally.

Mr. LONG. What island?

Mr. MOYSEY. A lot of them come from there, British Virgin Gorda, Nevis I believe is the name of one of the islands.

**Mrs. Hansen.** Why were they allowed to enter the country in such wholesale quantities?

**Mr. Carpenter.** They needed laborers. Now they are trying to put the lid on as far as so-called certified aliens which are brought in for use in the hotels and so on, but there still is an influx of illegal aliens who come in by small boat or any other means. Periodically there has been kind of a sweep by the immigration people down there to pick up illegal people and send them back—but we have reason to believe that they seem to trickle back in. It is a matter of trying to control all the little bays and inlets and so on where they could come in.

There is a problem also in the Caribbean and of documentation which can be trusted as far as aliens coming in and going out and so on.

Another problem has been the Public Safety Department: increasing the strength and efficiency, equipment, of the local police force. This is something in which we have been working with the Department of Justice in various ways to give them added training, both here and down there, and we do feel that gradually there has been an improvement in the general police establishment.

The Governor, of course, always points out that, even though the press writes sensational articles about crime, his homicide rate is much, much lower than, say Puerto Rico or any of the big cities in the United States.

The problem is somewhat psychological. This used to be and still is called an island paradise and when you have a few relatively small number of homicides and break-ins, and so on, it looks as though the crime is much larger than it is.

Unfortunately, I think the unfavorable publicity in the press has drastically affected the tourist trade.

**Mr. Long.** Will the chairman yield?

**Mrs. Hansen.** Yes.

### UNEMPLOYMENT RATE

**Mr. Long.** It has been my experience people don't pay much attention to what the press says. People go by what their friends tell them.

You say they need laborers. What is the unemployment rate?

**Mr. Carpenter.** They have needed laborers.

**Mr. Moysey.** I think the unemployment rate is about 6 percent.

**Mr. Long.** Six percent.

**Mr. Moysey.** That is my understanding of it, yes.

**Mr. Long.** That is interesting. I have heard far higher percentages than that.

**Mr. Moysey.** I am doing this from memory.

**Mr. Long.** How is it measured?

**Mr. Moysey.** I believe the Department of Labor measures it.

**Mr. Carpenter.** I think in an area of this kind it is very difficult to get an accurate so-called unemployment rate. There is much partial unemployment.

**Mrs. Hansen.** Isn't it seasonal, also?

**Mr. Carpenter.** Yes.

**Mr. Long.** I would be amazed if there is any real unemployment down there from the stories I have heard. If you want to build a house you have to bring your laborers in from the United States and it costs you three times as much to get the work done as it would in the States.

The people who work won't put out any real effort so I am just a little bit bemused at who compiles the unemployment data.

Mr. CARPENTER. Why don't we submit for the record as accurate an unemployment rate as we can; whatever is considered the official rate down there.

Mr. LONG. I think that would be well.

[The information follows:]

According to the Virgin Island Government the unemployment rate is 5.5 percent.

### COMPTROLLER OFFICE LAPSE RATE

Mrs. HANSEN. You state you are reducing lapse rate. What was your lapse rate at the end of fiscal year 1973 and what are your projections for 1974 and 1975?

Mr. MOYSEY. I have the amount of our lapses. I don't have the amount of the lapse rate. May I submit that for the record?

Mrs. HANSEN. Please.

[The information follows:]

The lapse rate for fiscal year 1973 was 23 percent. The projected rate for fiscal year 1974 is 9 percent and for fiscal year 1975 zero percent. It should be noted that all of the positions were filled for fiscal year 1973 and that major emphasis is being placed on filling the vacancies for fiscal year 1974 and particularly on filling the systems accountant vacancy so as to promote assistance for the Government of the Virgin Islands.

### AUDITOR STAFF

Mrs. HANSEN. You have had difficulty in the past in filling your auditor staff. What leads you to believe that you will be able to recruit two additional systems accountants?

Mr. MOYSEY. We had all our positions authorized for fiscal year 1973 filled, every one of them.

Mrs. HANSEN. They are all filled?

Mr. MOYSEY. We are now working on fiscal year 1974. We presently have five vacancies and I have one man tentatively hired if he can get civil service approval, and we have a number of applications on hand.

Mrs. HANSEN. Mr. Moysey, you have a thankless task, but I don't think the situation is as bad as it was.

We very much appreciate the efforts that you have made to improve this situation.

Mr. MOYSEY. I would like to express my appreciation for the support of the committee and your assistance.

Mrs. HANSEN. It isn't easy because the authority of this committee is limited.

[Discussion off the record.]

### MISS TWINS U.S.A. CONTEST

Mrs. HANSEN. Your special audit of the Miss Twins U.S.A. contest, was sort of an adventure. Do you have any comments on that?

Mr. MOYSEY. No, ma'am. I think the Government conceded that they did not do much planning. They could have done better with it. So to that extent the report served its purpose.

Mrs. **Hansen.** Hopefully, they wouldn't go into another adventure like this.

Mr. **Moysey.** Yes, ma'am. They will use better planning methods next time, and so forth.

Mrs. **Hansen.** Thank you very much.

## GUAM

### WITNESSES

**JOSE S. PEREZ, ADMINISTRATOR, GUAM ECONOMIC DEVELOPMENT AUTHORITY**

**FLOYD W. FAGG, GOVERNMENT COMPTROLLER FOR GUAM/TTPI**

**STANLEY S. CARPENTER, DIRECTOR, OFFICE OF TERRITORIAL AFFAIRS**

Mrs. **Hansen.** We will insert justification pages 9 through 11 in the record at this point.

[The pages follow:]

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## GOVERNMENT OF GUAM
## GUAM DEVELOPMENT FUND ACT

Guam Development Fund Act: Fiscal year 1974, $500,000; fiscal year 1975, $1,000,000; increase, $500,000. The increase consists of:

| Increase (+) or Decrease (-) Amount | Increase (+) or Decrease (-) Positions | Total Program | Total Positions | Explanation |
|---|---|---|---|---|
| $+500,000 | -- | $1,000,000 | -- | Additional funding for promoting economic development. |

Public Law 90-601, "Guam Development Act of 1968" was passed for the purpose of promoting economic development within the Territory of Guam. Through fiscal year 1974, a total of $1,500,000 has been appropriated and made available to the citizens of Guam for this purpose. This request of $1,000,000 of the third increment of the $5,000,000 which was authorized by the Act.

Each $1,000,000 to be appropriated under the terms of this Act will be utilized according to the same formula: 15% for agricultural loans; 15% for fishery loans; 10% for tourist development, 40% for back-up facilities, and 20% for Industrial/Commercial facilities. There is a great shortage of local capital available for investment on Guam. At the present time outside investors are dominating the market. The Guam Development Fund Act was enacted specifically to enable local residents to launch into competitive business enterprises, and to develop aspects of the economy at present neglected.

It is planned that the $1,000,000 Loan Funds be allocated as follows:

| | |
|---|---|
| **Agriculture** | |
| Direct loans | $150,000 |
| Back-up facilities | 200,000 |
| **Fishing** | |
| Direct loans | 150,000 |
| Back-up facilities | 200,000 |
| **Tourism** | |
| Direct loans | 100,000 |
| Industrial/Commercial facilities | 200,000 |
| Total | 1,000,000 |

## COMPTROLLER - GUAM

Comptroller's Office, Guam: Fiscal year 1974, $420,000; fiscal year 1975, $625,000; increase, $205,000. The increase consists of:

| Increase (+) or Decrease (-) | | Total | Total | |
|---|---|---|---|---|
| Amount | Positions | Program | Positions | Explanation |
| $+205,000 | --- | $625,000 | 19 | Increased funding requirement primarily from utilization of prior year carryover. |

| | (in thousands of dollars) | | | |
|---|---|---|---|---|
| | 1973 | 1974 | 1975 | Increase/Decrease |
| New authority................ | 469 | 420 | 625 | +205 |
| Unobligated balance applied to budget program........... | -1 | 176 | --- | -176 |
| Total program requirement...................... | 468 | 596 | 625 | +29 |
| Full-time permanent positions...................... | 18 | 19 | 19 | --- |

### Cost Factors Involved in Increases

$176,000 increase in new authority resulting from utilization of prior year carryover funds in the current fiscal year.

$29,000 for increase salary costs resulting from annualization of pay increases, within-grade step increases, promotion commitments, and reduction of lapses.

Public Law 90-497 provided that the salaries and expenses of the Government Comptroller for Guam shall be paid from funds otherwise covered into the Treasury of Guam, pursuant to Section 30 of the Organic Act of Guam (64 Stat. 384, 48 U.S.C. 1422).

Since the inception of this office on July 19, 1969, the Comptroller's Office has prepared 78 audit reports which contain 896 recommendations. The Government of Guam generally concurs with these recommendations and has implemented, is in the process of implementing, or plans to implement these recommendations on which they agree. Estimated savings realized total $272,906 one-time savings and annual actual savings or additional revenue realized is estimated to be $8,575,650. Potential additional savings or additional revenue that could be realized through the implementation of all of the Comptroller's recommendations is estimated to be $10,443,000 annually and $3,439,140 on a one-time basis.

With the funds available for fiscal year 1974 and requested for fiscal year 1975, the Comptroller's Office expects to have completed a management-type audit on all Government of Guam organizational entities by June 30, 1974. Beginning in fiscal year 1975 the Office expects to be on a two-year cycle. Thus, by the end of fiscal year 1976 all organizational entities of the Government of Guam will have had two management-type audits. In addition, we expect to discharge our responsibilities with respect to the annual fiscal audits and annual reports, as well as execute such special audits as requested by those so authorized. In our opinion, the accomplishment of these objectives will provide the Government of Guam with adequate audit coverage.

Note: Public Law 93-111 approved September 21, 1973 which provides authorizing legislation for the Trust Territory Government, also provides that the Comptroller of Guam shall audit the operations of the Trust Territory Government. Seven positions and $225,000 has been included in the Trust Territory budget request for this activity.

Mrs. HANSEN. I believe both Mr. Perez and Mr. Fagg have statements.

Mr. FAGG. Mr. Perez suggests that I go first. I have a statement.

Mrs. HANSEN. Please summarize your statement for the committee.

Mr. FAGG. Madam Chairman, in consonance with the provisions of the revised Organic Act of Guam, the chief responsibilities of the Comptroller are: (1) to submit to the Governor of Guam and the Secretary of the Interior an annual report of the fiscal condition of the Government of Guam; (2) to direct audit activities to improve the economy and efficiency of the programs of the Government of Guam, and (3) to make such reports as may be required by the Governor of Guam, the Comptroller General of the United States, or the Secretary of the Interior.

Since the inception of the Comptroller's Office July 19, 1969, in consonance with the provisions of the revised Organic Act, this office has prepared five annual reports, that is, for the fiscal years ended June 30, 1969, through June 30, 1973. The Secretary of the Interior has submitted copies of each of these reports to the President of the Senate and the Speaker of the House. Since the inception of the Comptroller's Office, the Comptroller's Office has prepared over 80 other managerial and special type reports. These reports have contained over 900 recommendations.

In the Comptroller's opinion, the Government of Guam has realized savings or additional income in excess of $8 million annually as a result of the implementation of our recommendations. It is the opinion of the Comptroller that additional annual potential savings or additional potential income can be realized in the amount of over $10 million by the implementation of all of our recommendations which are concerned with reduced costs of increased income.

### SPECIFIC RECOMMENDATIONS TO THE GOVERNMENT OF GUAM

Mrs. HANSEN. What specific recommendations do you have that would increase that to $10 million?

Mr. FAGG. There are several dozen, Madam Chairman. I have a list of them here.

Mrs. HANSEN. Will you place that list in the record please.

Mr. FAGG. Yes; ma'am.

[The information follows:]

GOVERNMENT COMPTROLLER FOR GUAM
ESTIMATED ACTUAL OR POTENTIAL OR INCREASED REVENUE
RESULTING FROM COMPTROLLER'S RECOMMENDATIONS

| Report No | Title - Recommendations | Estimated Savings Realized or Additional Revenue |  |  | Estimated Additional Potential Savings or Revenue |  |  |
|---|---|---|---|---|---|---|---|
|  |  | Annual | One-Time | Per Report | Annual | One-Time | Per Report |
| 70- 1 | Bill No. 273 Tenth Guam Legislature |  |  |  |  |  |  |
|  | b. Port manager review his operations to determine and consummate economies. |  |  |  | 500,000 |  | 500,000 |
|  | b. Port manager reviews operations | 150,000 |  |  |  |  |  |
|  | e. Rescind E.O. 65-4. | 150,000 |  | 300,000 |  |  |  |
| 70- 3 | Guam Memorial Hospital - Accounts Receivable |  |  |  |  |  |  |
|  | a. Management take aggressive, sustained systematic collection. |  |  |  | 200,000 | 100,000 |  |
|  | b. Turn over accounts to Attorney General. |  |  |  | 300,000 |  |  |
|  | c. Government employees meet financial obligations. | 50,000 |  |  |  |  |  |
|  | d. Suggest amendment to P.L. 9-131 on collection. | 1,000,000 |  |  |  |  |  |
|  | e. Place outpatient department on cash basis. |  |  |  | 10,000 |  |  |
|  | i. Reconcile subsidiaries with controls. |  |  |  | 10,000 |  |  |
|  | j. Train personnel in hospital billings. | 10,000 |  |  |  |  |  |
|  | k. Scrutinize write-off charges prior to 06/30/65. | 1,000 |  | 1,061,000 |  |  |  |
|  | k. Scrutinize write-off charges to 06/30/65. |  |  |  | 70,000 |  | 690,000 |
| 70- 4 | Public Utility Agency - Accounts Receivable |  |  |  |  |  |  |
|  | a. PUAG management take aggressive, sustained systematic collection. |  |  |  | 500,000 |  |  |
|  | b. Discontinue services to delinquent customers |  |  |  | 100,000 |  |  |
|  | d. Turn over accounts to Attorney General |  |  |  | 50,000 |  |  |
|  | f. Place old records in permanent storage |  |  |  | 3,600 |  |  |
|  | h. Tighter control on overtime |  |  |  | 100,000 |  | 753,600 |
| 70- 5 | Department of Administration - Purchasing |  |  |  |  |  |  |
|  | a. Management and Supply utilize CSS. |  |  |  | 250,000 |  | 250,000 |
|  | c. Immediate delivery of foodstuffs. |  | 2,000 |  |  |  |  |
|  | d. Usage of cost analysis for large equipment contracts. | 50,000 |  |  |  |  |  |
|  | f. Control possible liquidated damages. | 20,000 |  | 72,000 |  |  |  |
| 70- 6 | Department of Education - Purchasing |  |  |  |  |  |  |
|  | a. Utilize CSS. | 300,000 |  |  |  |  |  |
|  | b. Price adjustment in dairy products. | 20,000 |  |  |  |  |  |
|  | e. Standardize typewriter specifications. | 5,000 |  |  |  |  |  |
|  | f. Review of FY70 PO's for liquidated damages with follow-up. | 4,000 |  | 329,000 |  |  |  |

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| Report No. | Title-Recommendations | Estimated Savings Realized or Additional Revenue | | | Estimated Additional Potent. Savings or Revenue | | |
|---|---|---|---|---|---|---|---|
| | | Annual | One-Time | Per Report | Annual | One-Time | Per Report |
| 70- 7 | Guam Memorial Hospital - Purchasing | | | | | | |
| | a. Utilize CSS. | 300,000 | | 300,000 | | | |
| 70- 8 | University of Guam - Purchasing | | | | | | |
| | a. Utilize CSS. | 50,000 | | | | | |
| | b. Provide cost analysis for major purchasing/contracting. | 50,000 | | | | | |
| | d. University purchases be channeled through purchasing department. | 20,000 | | 120,000 | | | |
| 70-11 | Public Works - Purchasing | | | | | | |
| | a. Enforce standard contract provisions regarding liquidated damages. | 33,450 | 1,550 | | | | |
| | d. Maintain supervision over architect and engineering firms. | 50,000 | | | | | |
| | i. Public Works rent vehicles to using agencies. | 10,000 | | 95,000 | | | |
| 70-16 | Commercial Port Billing to Department of Agriculture | | | | | | |
| | a. Agriculture pay Commercial Port by credit memo. | | 96,000 | 96,000 | | | |
| 70-17 | Need for Improvements-Division of Accounts | | | | | | |
| | a. Air condition Division of Accounts, Department of Administration. | 20,000 | | 20,000 | | | |
| 70-19 | Transportation Division Cost Accounting | | | | | | |
| | a. Establish controls through cost accounting. | | | | 10,000 | | 10,000 |
| | TOTALS FOR FY 1970 AUDIT REPORTS | 2,293,450 | 99,550 | 2,393,000 | 2,103,600 | 100,000 | 2,203,600 |

Note: No cost questioned on FY70 reports.

| Report No. | Title - Recommendations | Estimated Savings Realized or Additional Revenue |  |  | Estimated Additional Potential Savings or Revenue |  |  |
|---|---|---|---|---|---|---|---|
|  |  | Annual | One-Time | Per Report | Annual | One-Time | Per Report |
| 71- 3 | Expenditures of the 10th Guam Legislature |  |  |  |  |  |  |
|  | a. Legislative Rules Committee hire own personnel. | 140,000 |  |  |  |  |  |
|  | b. Legislative annual leave conform with Guam CS regulations. |  |  |  | 20,000 |  | 20,000 |
|  | g. Legislature regulate compensatory time. | 34,500 |  | 174,500 |  |  |  |
| 71- 4 | Travel, Government of Guam |  |  |  |  |  |  |
|  | a. Economy travel for GovGuam. | 500,000 |  |  |  |  |  |
|  | c. Clear travel accounts of former employees. | 10,000 | 50,000 | 560,000 |  |  |  |
| 71- 7 | Accounting and Budget - Department of Education |  |  |  |  |  |  |
|  | a. Appoint coordinator for Education and Administration Department with respect to appropriation allotment records. | 50,000 |  | 50,000 |  |  |  |
|  | k. Consolidate activities of the Statistical Services Section (SSS) with the Division of Data Processing (DDP). |  |  |  | 50,000<br>25,000 |  |  |
|  | l. Transfer data equipment from SSS to DDP. |  |  |  | 5,000 |  |  |
|  | m. Eliminate duplicity of data records performed by SSS and DDP. |  |  |  | 35,000 |  |  |
|  | n. Provide adequate staffing for DDP. |  |  |  |  |  |  |
|  | o. Mechanize encumbrances, expenditures, accounts payable and cash disbursement functions. | 10,000 |  |  |  |  |  |
|  | o. Mechanize encumbrances, expenditures, accounts payable and cash disbursement functions. |  |  |  | 20,000 |  |  |
|  | p. Review and revise the Fiscal Management System Manual. |  |  |  | 20,000 |  |  |
|  | q. Transfer NCR register accounting machine from Education to Accounts Division, Administration. | 5,000 |  | 15,000 |  |  |  |
|  | r. Accounts Division prepare monthly status reports to Education. |  |  |  | 3,500 |  | 158,500 |
| 71- 9 | Business Division, Property, Warehousing, Department of Education |  |  |  |  |  |  |
|  | a. Complete and update and implement Business Division Handbook. | 50,000 |  |  |  |  |  |
|  | b. Organizational change. | 35,000 |  |  |  |  |  |
|  | c. Terminate inadequate quonset storage. | 4,800 |  |  |  |  |  |
|  | d. Accounts Division temporarily be responsible for inventory control accounts in General Ledger for Education's warehouse. | 10,000 |  |  |  |  |  |

| Report No. | Title - Recommendations | Estimated Savings Realized or Additional Revenue | | | Estimated Additional Potential Savings or Revenue | | |
|---|---|---|---|---|---|---|---|
| | | Annual | One-Time | Per Report | Annual | One-Time | Per Report |
| 71- 9 | Business Division, Property, Warehousing, Department of Education, continued | | | | | | |
| | e. Consolidate accounting activities of Education's warehouse with Guam Central Procurement warehouse. | 30,000 | | | | | |
| | j. Dispose of surplus property to Guam Central Procurement warehouse. | 10,000 | | 139,800 | | | |
| 71-11 | Transfer of Land | | | | | | |
| | a. Adopt affidavit on true consideration of land transfer. | 50,000 | | | | | |
| | g. Personnel note changes of ownership. | 200,000 | | 250,000 | | | |
| 71-16 | Guam Rental Corporation | | | | | | |
| | d. Rental payments to fall due on first of month. | 6,000 | | | | | |
| | e. Establish guidelines for Guam Rental Corp. | 12,500 | | 18,500 | | | |
| 71-17 | Guam Housing Corporation | | | | | | |
| | a. Usage of loans. | | | | 50,000 | | 50,000 |
| | e. Require monthly loan payments to include fire and other property insurance and taxes. | 5,000 | | 5,000 | | | |
| 71-18 | Guam Housing and Urban Renewal Authority | | | | | | |
| | b. Management utilize data processing for payroll and other checks. | 10,000 | | | 5,000 | | 5,000 |
| | c. Evaluate need for travel. | 50,000 | | | | | |
| | n. Terminate consultant services. | 50,000 | | | | | |
| | p. Use of competitive bidding. | 50,000 | | | | | |
| | q. Enforce timely performance of contracts. | | 37,400 | | | | |
| | j. Management exercise prudent control over entertainment expenses. | 1,000 | | | | | |
| | r. Management follow local CS rules and regulations. | 10,000 | | 208,400 | | | |
| 71-19 | School Lunch Fund - Department of Education | | | | | | |
| | d. Use criteria of 65 lunch participants per employee. | 400,000 | | | | | |
| | f. Amend E.O. 4-56 | | | | 20,000 | | 20,000 |
| | k. Stocking of vital repair parts. | 10,000 | | 410,000 | | | |

| Report No. | Title - Recommendations | Estimated Savings Realized or Additional Revenue |  |  | Estimated Additional Potential Savings or Revenue |  |  |
|---|---|---|---|---|---|---|---|
|  |  | Annual | One-Time | Per Report | Annual | One-Time | Per Report |
| 71-20 | Testing and Guidance Program - Department of Education |  |  |  |  |  |  |
|  | a. Aggressive follow-up on test results. | 5,000 | 10,000 |  |  |  |  |
|  | b. Proper placement of consultants. | 5,000 |  |  |  |  |  |
|  | d. Timely warehouse delivery. | 2,000 |  |  |  |  |  |
|  | c. Establish operating procedures. | 5,000 |  |  |  |  |  |
|  | h. Strict adherence to Federal requirements in handling Federal Funds. | 5,000 |  | 32,000 |  |  |  |
|  | TOTALS FOR 1971 AUDIT REPORTS | 1,765,800 | 97,400 | 1,863,200 | 253,500 |  | 253,500 |
|  | TOTAL COST QUESTIONED FOR FY71 REPORTS | 967,172 |  |  |  |  |  |

| Report No. | Title - Recommendations | Estimated Savings Realized or Additional Revenue | | | Estimated Additional Potential Savings or Revenue | | |
|---|---|---|---|---|---|---|---|
| | | Annual | One-Time | Per Report | Annual | One-Time | Per Report |
| 72- 1 | Real Estate Tax | | | | | | |
| | a. Revise Real Property Tax regulations. | | | | 2,000,000 | | |
| | b.(1) Increase rates on delinquent taxes. | | | | 50,000 | | |
| | b.(2) Apply monies from taxpayer to his longest delinquent tax year. | 5,000 | | | | | |
| | b.(3) Reduce time requirement of tax deeding. | | | | 50,000 | | |
| | c. Notice of delinquency to taxpayers. | | | | 50,000 | | |
| | f.(2) Levy tax on church property. | | | | 10,000 | | |
| | d. Enforce tax deeding to government for 1963/1964. | 50,000 | | | | | |
| | l. Combine delinquent tax rolls. | | | | 10,000 | | 2,170,000 |
| | h. Recordation of real property. | 1,000,000 | | 1,055,000 | | | |
| 72- 2 | Guam Memorial Hospital - Accounts Receivable | | | | | | |
| | j. Combine accounts into single responsible party aggregate account. | 20,000 | | 20,000 | | | |
| 72- 3 | Guam Rehabilitation Fund | | | | | | |
| | e. Utilize GSA and Navy Procurement sources. | 75,000 | | | | | |
| | g. Prevent expenditures; to strengthen accounting system; and reimbursement to Rehab. | | 65,956 | 140,956 | | | |
| 72- 4 | Code of Guam Printing Fund | | | | | | |
| | h. Collection of accounts receivable. | | 10,000 | 10,000 | | | |
| | l. Base future contracts on realistic needs. | | | | | 150,000 | 150,000 |
| 72- 5 | Guam Economic Development Fund | | | | | | |
| | d. Proceed with legal action to collect loans. | | | | | 80,000 | |
| | i. Qualifying certificates limit tax exemptions. | | | | 1,000,000 | | 1,080,000 |
| 72- 6 | Scholarship, Student Loan and Teachers Development | | | | | | |
| | b. Adhere to criteria established for selection of teacher training program participants. | 100,000 | | 100,000 | | | |
| | d. Increase collection effort on receivables. | | | | 100,000 | 200,000 | |
| | k. Investigate the use of bank loans for student assistance. | | | | 100,000 | | 400,000 |
| 72- 8 | Commercial Port of Guam | | | | | | |
| | a. Annual review of Port's tariff rates. | 2,000,000 | | | | | |
| | e. Establish a policy for control of overtime usage. | | | | 300,000 | | |

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| Report No. | Title - Recommendations | Estimated Savings Realized or Additional Revenue: Annual | One-Time | Per Report | Estimated Additional Potential Savings or Revenue: Annual | One-Time | Per Report |
|---|---|---|---|---|---|---|---|
| 72- 8 | Commercial Port of Guam, continued | | | | | | |
| | h. Take action to recover overpayments on forklift billings. | | | | | 48,000 | |
| | k. Increase interest rates on unpaid accounts. | 72,000 | | | | | |
| | l. Clear or resolve outstanding accounts receivable. | 25,000 | | | | | |
| | n. Develop a more specifically worded waiver statement. | 60,000 | | | | | |
| | q. Improve coordination between offices. | 60,000 | | 2,217,000 | | | |
| | r. Annually auction stored goods. | | | | 5,000 | | |
| | s. Accelerate pay-off of 10% note. | | | | | 330,000 | 683,000 |
| 72- 9 | Guam Power Authority | | | | | | |
| | a. Evaluate and recommend rate adjustments. | 820,000 | | | | | |
| | f. Determine if facilities should be leased, purchased or constructed. | | | | 34,120 | 1,370,000 | |
| | h. Purchase through CSS and GSA. | 50,000 | | | | | |
| | i. Secure bulk contracts for large purchases. | 10,000 | | | | | |
| | j. Secure cash discounts for prompt payment. | 1,000 | | | | | |
| | k. Study making small routine purchases through Harmon office. | 5,000 | | | | | |
| | m. Consider increasing insurance coverage. | | | | 25,000 | | |
| | n. Take aggressive action to collect accounts receivable. | | | | 100,000 | 250,000 | |
| | p. Evaluate need for overtime. | 50,000 | | | | | |
| | w. Purchase airline tickets directly from airline or travel agency. | | | | 1,000 | | |
| | z. Review managerial positions. | 1,200 | | 937,200 | | | |
| | Ag. Survey computer requirements and recommend action to be taken. | | | | 42,000 | | |
| | Ao. GPA make electrical inspections. | | | | 20,000 | | 1,842,120 |
| 72-10 | Gross Receipts and Business License Tax | | | | | | |
| | b. Develop procedures to reduce long outstanding accounts. | | | | 1,000,000 | | |
| | f. TAPB should refer questionable GRT returns to Audit Branch. | | | | 50,000 | | |
| | g. Audit tax exemption receipts. | | | | 30,000 | | |
| | h. Adjust audit staff level. | | | | 500,000 | | |
| | i. Assure property owners pay GRT on rental payments. | 30,000 | | 30,000 | | | |

| Report No. | Title - Recommendations | Estimated Savings Realized or Additional Revenue | | | Estimated Additional Potential Savings or Revenue | | |
|---|---|---|---|---|---|---|---|
| | | Annual | One-Time | Per Report | Annual | One-Time | Per Report |
| 72-10 | Gross Receipts and Business License Tax, continued | | | | | | |
| | j. Require taxpayers to reconcile GRT and income tax returns. | | | | 500,000 | | |
| | l. Develop written procedures to administer the GRT. | | | | 30,000 | | |
| | r. Implement tax adviser recommendations. | | | | 50,000 | | |
| | v. Graduate business license fees on basis of gross receipts. | | | | 50,000 | | |
| | Ab. Enforce requirement for businesses to have an active license. | | | | 1,000 | | |
| | Ah. Collect the Use tax at the source. | | | | 20,000 | | |
| | Ak. Follow-up collection of Use tax. | | | | 50,000 | | |
| | Am. Negotiate with Post Office to collect Use tax on applicable shipments. | | | | 50,000 | | |
| | An. Seek legislative changes to Use tax on temporary property. | | | | 50,000 | | |
| | Ao. Identify properties entering Guam on tax-free temporary basis. | | | | 50,000 | | 2,431,000 |
| 72-11 | Agana Fractional Lots | | | | | | |
| | g. The Government sell 31 unsold lots. | | | | | 162,500 | 162,500 |
| 72-13 | Accounts Payable System | | | | | | |
| | a. Eliminate unnecessary records and listings. | 10,000 | | 10,000 | | | |
| 72-14 | Air Freight | | | | | | |
| | a. Develop regulations for use of air freight. | | | | 50,000 | | |
| | b. Allow Public Works to procure parts directly off-island. | | | | 20,000 | | 70,000 |
| | TOTALS FOR FY 1972 REPORTS | 4,444,200 | 75,956 | 4,520,156 | 6,398,120 | 2,590,500 | 8,988,620 |

Note: No cost questioned on FY72 reports.

| Report No. | Title - Recommendations | Estimated Savings Realized or Additional Revenue |  |  | Estimated Additional Potential Savings or Revenue |  |  |
|---|---|---|---|---|---|---|---|
|  |  | Annual | One-Time | Per Report | Annual | One-Time | Per Report |
| 73- 2 | Guam Farmers Cooperative Association |  |  |  |  |  |  |
|  | a. Request an immediate independent audit of the CO-OP. |  |  |  |  | 54,640 | 54,640 |
| 73- 3 | Public Library and Museum |  |  |  |  |  |  |
|  | a. Obtain up-to-date equipment inventory listing. | 200 |  | 200 | 25,000 | 43,000 | 68,000 |
|  | b. Take aggressive action to recover overdue books. |  |  |  |  |  |  |
| 73- 4 | Capital Improvements and Continuing Projects (Draft) |  |  |  |  |  |  |
|  | a. Adopt procedures to assure good contract procurement operations. |  |  |  | 100,000 |  |  |
|  | b. Need more planning and financial management of Capital Projects. |  |  |  | 50,000 |  |  |
|  | c. Bureau of Management and Budget control Capital Projects. |  |  |  | 25,000 |  |  |
|  | d. Mechanize the accounting for encumbrances. |  |  |  | 50,000 |  |  |
|  | g. Discontinue encumbering work requests for Capital Projects. |  |  |  | 50,000 |  |  |
|  | i. Prepare monthly cumulative status reports based on historical records maintained by project. |  |  |  | 10,000 |  |  |
|  | j. Public Works define its accounting responsibilities. |  |  |  | 20,000 |  | 305,000 |
| 73- 5 | Department of Agriculture |  |  |  |  |  |  |
|  | a. Review the optimum size of land parcels. |  |  |  |  |  |  |
|  | d. Review all loans to insure prompt payment. |  |  |  | 100,000 | 20,000 | 120,000 |
| 73- 6 | Guam Boxing Commission |  |  |  |  |  |  |
|  | b. Properly fund Boxing Commission expenses. |  |  |  | 10,000 |  |  |
|  | e. Insure admission charges have been paid except for bona fide guests. |  |  |  | 3,000 |  | 13,000 |
| 73- 7 | Administration of Federal Grants |  |  |  |  |  |  |
|  | k. Initiate cash or letter-of-credit requests for short-term needs. |  |  |  | 5,000 |  | 5,000 |
| 73- 9 | Public Utility Agency |  |  |  |  |  |  |
|  | c.(1) Develop a computer system for accounting and billing of receivables. |  |  |  | 25,000 |  |  |
|  | d.(1) Charge travel advances to a receivable account. |  |  |  | 10,000 | 35,000 |  |
|  | j. Take aggressive collection action on accounts receivable. |  |  |  | 50,000 | 220,000 |  |

| Report No. | Title - Recommendations | Estimated Savings Realized or Additional Revenue | | | Estimated Additional Potential Savings or Revenue | | |
|---|---|---|---|---|---|---|---|
| | | Annual | One-Time | Per Report | Annual | One-Time | Per Report |
| 73- 9 | Public Utility Agency, continued | | | | | | |
| | k. Prepare machine listing of additions and deletions to master billing card file. | | | | 71,000 | | |
| | l. Improve inventory management procedures. | | | | 10,000 | | |
| | m. Strengthen job order cost system. | | | | 10,000 | | |
| | n. Analyze repair and maintenance expenses and take corrective action. | | | | 50,000 | | |
| | o. More efficiently utilize manpower and vehicles. | | | | 100,000 | | |
| | p. Install PABX equipment, if more efficient and economical. | | | | 10,000 | | |
| | q. Seek to obtain increased revenue from toll settlement agreement. | | | | 30,000 | | |
| | s. Combine three general ledgers into one. | | | | 3,000 | | |
| | t. Take aggressive collection action on accounts receivable. | | | | 50,000 | | |
| | u. Develope procedures for billing accounts receivable, other. | | | | 4,000 | | |
| | v. Discontinue manual water consumption computations. | 15,000 | | 15,000 | | | |
| | x. Improve inventory management procedures. | | | | 10,000 | | |
| | z. Strengthen overtime approval procedures. | | | | 15,000 | | 703,000 |
| 73-13 | Department of Labor (Draft) | | | | | | |
| | h. Encourage competition for Government-rented office space. | | | | 50,000 | 16,000 | 66,000 |
| 73-18 | Abandoned Vehicle Fund (Draft) | | | | | | |
| | b. Coordinate vehicle removal with Solid Waste Program. | | | | 10,000 | | |
| | c. Invest surplus cash. | | | | 9,630 | | |
| | d. Determine equipment requirements. | | | | 10,000 | | |
| | e. Establish procedures for disposition of impounded vehicles. | | | | 5,000 | | |
| | f. Public Safety improve procedures for vehicle removal. | | | | 15,000 | | 49,630 |
| 73-19 | Attorney General | | | | | | |
| | d. Terminate contract for printing Codes of Guam. | | | | 10,000 | 10,000 | |
| | g. Review library control and maintenance procedures. | | | | 5,000 | | |
| | h. Finance construction of Government-owned buildings. | | | | 37,200 | | |
| | i. Improve office and management procedures. | | | | 5,000 | | 67,200 |

| Report No. | Title - Recommendations | Estimated Savings Realized or Additional Revenue | | | Estimated Additional Potential Savings or Revenue | | |
|---|---|---|---|---|---|---|---|
| | | Annual | One-Time | Per Report | Annual | One-Time | Per Report |
| 73-20 | Department of Commerce (Draft) | | | | | | |
| | b. Legislature take action on airport improvement project. | | | | | 250,000 | |
| | d. GIAT audit records of concessionaires periodically. | | | | 20,000 | | |
| | g. Make a through inspection and review of Blue Marlin operations. | | | | 15,000 | | |
| | i. Compute and invoice carriers for services rendered. | | | | 64,000 | 100,000 | |
| | k. Develop written inspection procedures for CQD. | | | | 5,000 | | |
| | m. Develop procedures for disposal of confiscated items. | | | | 5,000 | | |
| | q. Improve maintenance of equipment. | | | | 10,000 | | |
| | t. Computerize the import-export statistics. | | | | 40,000 | | 509,000 |
| 73-21 | Department of Corrections (Draft) | | | | | | |
| | d. Review the desirability of retaining the Halfway House. | | | | 25,000 | | |
| | e. Evaluate the rehabilitation programs. | | | | 5,000 | | |
| | f. Review staffing requirements. | | | | 100,000 | | |
| | g. Discontinue duplicate accounting functions. | | | | 13,000 | | |
| | h. Improve reporting procedures. | | | | 2,000 | | 145,000 |
| 73-22 | Department of Public Safety (Draft) | | | | | | |
| | f. Improve firearm disposition procedures. | | | | 3,000 | | |
| | g. Record maintenance procedures be improved. | | | | 15,000 | | |
| | j. Review training programs and policies. | | | | 10,000 | | |
| | l. Assign responsibility for management and control of vehicles. | | | | 10,000 | | |
| | m. Do not obligate funds in excess of appropriations. | | | | 50,000 | | |
| | o. Review cost of services provided public free of charge. | | | | 43,000 | | |
| | p. Discontinue duplicating work performed by Department of Administration. | | | | 30,000 | | 161,000 |
| 73-23 | Juvenile Division - Island Courts (Draft) | | | | | | |
| | a. General Administration Division should function more effectively and efficiently. | | | | 5,000 | | |
| | c. Review staffing requirements. | | | | 75,000 | | |
| | d. Evaluate maintaining the vocational rehabilitation program at the current level. | | | | 77,000 | | |
| | e. Establish systematic plan for scheduling casework reviews. | | | | 10,000 | | |

| Report No. | Title - Recommendations | Estimated Savings Realized or Additional Revenue |  |  | Estimated Additional Potential Savings or Revenue |  |  |
|---|---|---|---|---|---|---|---|
|  |  | Annual | One-Time | Per Report | Annual | One-Time | Per Report. |
| 73-23 | Juvenile Division - Island Courts, continued |  |  |  |  |  |  |
|  | g. Report by exception in narrative observation reports. |  |  |  | 3,000 |  | 172,000 |
|  | TOTALS FOR FY73 REPORTS (FINAL & DRAFT) | 15,200 |  | 15,200 | 1,689,830 | 748,640 | 2,438,470 |
|  | TOTALS FOR FY73 REPORTS (FINAL ONLY) | 15,200 |  | 15,200 | 648,200 | 382,640 | 1,030,840 |
|  | Cost questioned for FY73 | 96,029 |  |  |  |  |  |

| Summary | Cost Questioned | Annual | One-Time | Per Report | Annual | One-Time | Per Report |
|---|---|---|---|---|---|---|---|
| FY 70 Data | $ -0- | $2,293,450 | $99,550 |  | $2,103,600 | $100,000 | — |
| FY 71 Data | 967,172 | 1,765,800 | 97,400 |  | 253,500 | -0- | — |
| FY 72 Data | -0- | 4,444,200 | 75,956 |  | 6,398,120 | 2,590,500 | – |
| FY 73 Data | 96,029 | 15,200 | -0- |  | 1,689,830 | 748,640 |  |
|  | $1,063,201 | $8,518,650 | $272,906 |  | $10,445,050 | $3,439,140 |  |

Mr. FAGG. In addition, it should be noted that practically all of the Comptroller's other recommendations are concerned with saving, controlling, or better managing resources. Accordingly, improved methods and procedures and additional savings which are not susceptible to dollar estimates have undoubtedly been realized as a result of procedures and practices recommended by the Comptroller's office.

### FINANCIAL CONDITION OF GUAM

The overall financial condition of the government of Guam appears to be sound. The government has generally operated within funds available. The government of Guam has considerably more assets than liabilities. The long-term indebtedness of the general government is approximately $32 million on the repayment of the rehabilitation loans from the U.S. Government. On the other hand, the government owns land that is estimated to be worth from $250 million to $1 billion. Fixed assets are valued at in excess of $100 million, and retirement fund assets are valued at $38 million.

### COMPTROLLER'S BUDGET REQUEST

The fiscal year 1974 budget of the Government Comptroller is $596,000, which consists of $420,000 new authority and the use of $176,000 carry over of funds of prior year. We are requesting $625,000 for fiscal year 1975, the additional $29,000 is for increased salary costs resulting from annualization of pay increases, within-grade step increases, promotion commitments, and reduction of lapses. Nineteen spaces are allocated for the Government Comptroller's operations in Guam for fiscal year 1974. No additional spaces, above the 19 present spaces, are requested for fiscal year 1975.

With the funds available for fiscal year 1974, the Comptroller expects to have completed a management-type audit of all organizational entities in the government of Guam in fiscal year 1974. With funds requested for fiscal year 1975, beginning in fiscal year 1975, the office expects to be on a 2-year cycle. Thus, by the end of fiscal year 1976, we plan that all organizational entities of the government of Guam will have had two management-type audits. In addition, the Comptroller expects to remain current with the workload with respect to the annual fiscal audit and annual report, special audits as requested by authorized officials, as well as periodic followup on previous audit recommendations. In the Comptroller's opinion, the accomplishment of these objectives will provide the government of Guam with adequate audit coverage.

### RESPONSIBILITIES IN THE TRUST TERRITORY

As respects the additional duties of this office, through Public Law 93–111 which extended our responsibilities to the trust territory, we have gotten a start with money reprogramed in 1974 for $75,000 and have requested $225,000 in fiscal year 1975 to carry out our task. As with the government of Guam, we will perform management-type audits with an annual report.

Thank you, Madam Chairman. I stand ready to answer any questions you may have.

### GUAM DEVELOPMENT LOAN FUND

Mrs. **Hansen**. Mr. Perez, do you want to present your statement?

Mr. **Perez**. Do you want me to outline it or read it?

Mrs. **Hansen**. Please insert your statement in the record and summarize it for us.

[The statement follows:]

The Honorable Julia Butler Hansen
Chairman, Subcommittee on the
Department of Interior and Related Agencies
House of Representatives
Washington, D.C.

Madam Chairman:

I am Jose S. Perez, Administrator of the Guam Economic Development Authority, a public corporation created by Public Law 8-80 by the Eighth Guam Legislature.

Thank you for providing this opportunity for me to explain our budget request for $1,000,000 for fiscal year 1975.

In accordance with Guam Public Law 8-80 as revised, the Guam Economic Development Authority was created for the purpose of implementing an integrated program for the economic development of Guam to attract, promote, encourage and develop desirable commerce, agriculture, fishing, industry and tourism in the territory of Guam. In order to fulfill this purpose GEDA law provides:

(1) The granting of tax rebates and abatements to any enterprise in agriculture, fishing, commerce, industry and tourism that is specifically determined by GEDA to be beneficial, desirable and necessary to the economic development of Guam and must meet one or more of these criteria:

  (a) creation of new employment
  (b) replacement of imports
  (c) reduction in consumer prices
  (d) creation of vitally needed facilities.

(2) In addition GEDA law provides for the Government of Guam to guarantee up to $1,600,000 of loan guaranteed by GEDA, or of loans made directly to GEDA by financial institutions but not to exceed $400,000 in any one fiscal year and further not to exceed $200,000 on any one project.

(3) Administers the Agriculture Development Fund of $100,000 appropriated by the Guam Legislature.

(4) An additional aid and incentive to farming entrepreneurs in Guam was Public Law 9-48 which authorized GEDA to insure the farmers against loss due to natural disasters under the Guam Agricultural Expense Insurance, reimbursing the farmers for their planting expenses.

(5) Administers the Guam Development Fund as appropriated by the U.S. Congress under the Guam Development Fund Act of 1968.

Under this Guam Development Fund Act of 1968 we are requesting an appropriation of $1 million for FY 1975. Under the overall Guam economic development plan approved by U.S. Congress in 1966, the Guam Development Funds are used primarily in agriculture, fishing and tourism related projects.

Congress appropriated $1.5 million for FY 1973 and FY 1974. GEDA received applications for projects totaling almost $800,000. Request for basic support facilities in the form of poultry processing plant and farm equipment rental operation totaled $176,000. $143,000 was approved for a poultry processing plant. The farm equipment rental request of $33,000 cannot be approved until the applicant has clear title to the required land to serve as collateral for his loan.

Applications totaling $456,000 were received to provide production of poultry products, swine and hydroponic farm totaled $240,000. The major project for agricultural production not yet approved is a $200,000 loan application to initiate a poultry production business. The applicant has to move from the States to Guam before he can get the project underway.

In the tourism area, a marine passenger and boat service project for $15,000 was approved. However, a major development on the Talofofo River which requested $150,000 to build a Micronesian type village as a tourist attraction, total project cost of approximately $1 million, still requires additional financing from other sources. Until the developer gets the required funding to finance the entire project, the loan cannot be approved.

The following developments on Guam's economy will increase the applications for loans. The establishment of a College of Agriculture and Life Sciences at the University of Guam with land grant funds will provide research and technical assistance to increase both the production and marketing of agricultural products. The Trade and Technical High School has initiated training programs for tourism related programs such as waitresses, bartenders, cooks and sales personnel. The University has established a program for training managers in the travel industry. Also, GEDA is initiating basic supportive agricultural processing enterprises such as the poultry processing plant, a slaughterhouse, a vegetable processing plant and a cannery. With this investment in processing activities it is expected there will be additional projects for production and distributions of agricultural products.

Guam imports almost 90% of the products purchased and consumed on the island, therefore the market for locally grown and processed products is very great.

Therefore, we are requesting $1 million appropriation to support the following projects which we anticipate will start in 1974-75.

(1) Slaughterhouse (primarily to encourage the development of the swine industry) - $125,000.

(2) Commercial Fish Farm (to produce cat fish, shrimp, oysters, eels, and brackish water fish) - $75,000.

(3) Vegetable Processing Plant - $50,000.

(4) Livestock Development Facilities (to purchase buildings, inventories and equipment necessary to encourage commercial production of swine, cattle, goats and other livestock) - $200,000

(5) Tuna Cannery - $600,000.

(6) Investment in Commercial Fishing facilities and equipment - $300,000.

(7) Cold Storage Plant - $600,000.

We would like to give further presentation on the current status and to identify those projects projected for implementation in 1974/1975.

### SLAUGHTERHOUSE - $125,000

There is now an investor interested in this project under the process of organizing and in the development especially of a swine industry and expected to come out with the project within this year. In order to assure a steady production, it is their plan to set up a piggery farm also.

### COMMERCIAL FISH FARM - $75,000

The Department of Agriculture is undergoing a pilot project in the production of eels and is expected to harvest within 60 days. More ponds are now under construction to go into the production of shrimps, milk fish and carps.

In the meantime, a group has been considering to go into this project as soon as the pilot projects have proved to be feasible and profitable. It is estimated that the figure of $75,000 is quite low and may require a higher amount.

### VEGETABLE PROCESSING PLANT - $50,000

Our Authority has been approached just last week to extend financial assistance in the establishment of a kim-chee factory to salvage bumper crops, especially in the line of vegetables in the form of pickled and processed products. It requires such vegetables as cabbage, bell peppers, green onions, cucumbers, radishes, hot peppers, etc. The setting up of the plant would encourage the farmers to go into more intensive vegetable production.

The amount stated above is quite low since the project requires a factory building, refrigeration, refrigerated trucks and equipment and the project is estimated at approximately $100,000.

LIVESTOCK DEVELOPMENT ACTIVITIES - $200,000

The encouragement and development of investors depend greatly in the establishment of a slaughterhouse under USDA specifications. Since interest has been shown in the establishment of a slaughterhouse, the livestock development would move at a faster pace. We have been approached to indicate interest in this project and we are sure that in a short time, there will be applications for financial assistance, especially for the establishment of piggery projects. For the time being, such amount as stated above would serve the needs for the initial period.

TUNA CANNERY/COMMERCIAL FISHING - $1,500,000

Mostly, the financial assistance would be for the harvesting of skipjack tuna and other fish within the territorials waters to be extended to local investors. Also, the inshore facilities such as cold storage plant is required to service the fishing vessels who would be making Guam its fishing base.

These projects are dependent on the availability of land sites at the port complex pending the transfer of the remaining part of Cabras Island to the Government of Guam.

There has already been established the principal investors for the tuna cannery facility and foreign fishing operators to use Guam as their fishing base. They are ready to move as soon as we complete the facilities needed to service them.

The promotions of most of these projects have been accomplished through a joint effort with the Department of Agriculture.

SUMMARY

| | | |
|---|---|---|
| Funds appropriated FY'73-'74 | | $1,500,000 |
| Applications received | $ 795,480 | |
| Applications approved | 398,296 | 398,296 |
| Applications pending | 397,184 | |
| Balance Uncommitted | | $1,101,704 |
| FY 1975 | | |
| Applications pending | 397,184 | |
| Projects identified FY'74-'75 | 1,950,000 | |
| Amount needed | | $2,347,184 |

| | |
|---|---|
| Deficit without appropriation | (1,245,480) |
| Appropriation request | 1,000,000 |
| Deficit | ($ 245,480) |

We consider that the amount of $1,000,000 is sufficient for the fiscal year 1975 because there may be some adjustments to the amount needed or the project may take off at a later period. Our position is that we should have the funds at all times to be available on hand for there may be projects that may arise that are not identified at this time.

Respectfully,

J. S. PEREZ
Administrator

## GUAM DEVELOPMENT FUND ACT - 1968

| Application No. | NAMES | Amount Requested | Amount Approved | Date Approved |
|---|---|---|---|---|
| 01 | Flores Poultry Farm, Inc.<br>(Egg Productions) | $120,000. | $120,000. | 5/11/73 |
| 02 | Jose C. Quintanilla<br>(Swine & Poultry Farm) | $ 50,000. | $ 50,000. | 11/30/73 |
| 03 | Manuel M. Merfalen<br>(Farm Equipment Rental) | $ 32,184. | | |
| 04 | Drew Kaye<br>(Agriculture) | $ 20,000. | $ 20,000. | 7/13/73 |
| 05 | C & H Farms, Inc.<br>(Poultry Processing Plant) | $142,696. | $142,696. | 5/10/73 |
| 06 | Charles C. Hambley<br>(Marine Passenger & Boat Service) | $ 15,000. | $ 15,000. | 6/21/73 |
| 07 | Fred C. Quitugua<br>(Agriculture) | $ 15,000. | | |
| 08 | Eugene C. Kuehnis, Jr.<br>(Hatchery & Poultry Meat, Birds) | $200,000. | | |
| 09 | Oceanica Development Corporation<br>(Tourism: Sales & Service) | $150,000. | | |
| 10 | Brooking C. Whitehouse<br>(Hydroponic Farming) | $ 50,600. | $ 50,600. | 2/22/74 |
| | | $795,480. | $398,296. | |

Schedule A

Enclosure

## AGRICULTURAL DEVELOPMENT PROGRAM

| PROJECT | PROJECTED INITIAL IMPLEMENTATION | ESTIMATED CAPITAL | PURPOSE & OBJECTIVE |
|---|---|---|---|
| Slaughterhouse | 1974/1975 | $125,000 | To develop Guam's livestock industry. The construction of a federally-approved slaughterhouse is a prerequisite for commercial meat sales, and would particularly enhance the development of the territory's swine industry. |
| Commercial Fish Farm | 1974/1975 | 75,000 | To commercially produce catfish, shrimp, oysters, eels and brackish water fish; or a compatible combination of fish and invertebrates. Present demand for fresh and frozen fish on Guam is placed at 2,255,000 pounds per year. |
| Vegetable Processing Plant | 1974/1975 | 50,000 | To "salvage" bumper crops and to make available easily grown vegetables in the form of pickled and processed products. Will meet the growth of commercial crop operation. |
| Livestock Development Activities | 1974/1975 | 200,000 | To encourage and develop the commercial production of swine, cattle, goats, and other livestocks. Funds will be utilized for purchasing of building facilities, stocks, equipment, feed, etc. |
| Tuna Cannery (1st. Phase) | 1974/1975 | 1,500,000 | To develop the commercial harvesting of skipjack tuna. A local tuna cannery could become one of the major developments for Guam, and could annually generate over one million dollar in the local economy. |

Schedule B

Mr. PEREZ. Thank you, Madam Chairman, for providing this opportunity for us to present our budget request for the $1 million for fiscal year 1975. As you know, Guam Economic Development Authority has been the agency designated to administer this act. The Guam Economic Development Authority made special efforts directed toward increased agricultural production because Guam produces only about 25 percent of the fruits and vegetables consumed locally, approximately 7 percent of beef, 30 percent of pork and 5 percent of poultry meat.

### SOURCES OF AGRICULTURAL PRODUCTS

Mrs. HANSEN. Mr. Perez, where do you obtain the rest of your agricultural products?

Mr. PEREZ. Madam Chairman, we have been importing them, mostly from Japan and the United States. We have been paying for most of our vegetables air freighted into Guam, at very high retail prices. For example, tomatoes cost about 79 cents a pound.

Mrs. HANSEN. You have to add in your costs of transportation, which is very costly.

Mr. PEREZ. Yes; but still we are trying to have reductions in consumer prices. We are very much interested in that.

Mr. LONG. Seventy-nine cents a pound. As I understand the Italian word for tomatoes is "pomme d'oro" which means apples of gold.

Mrs. HANSEN. They are 79 cents a pound right here in Washington, D.C. That isn't the only costly product. Beef that was down last week is back up to what it was 2 weeks ago.

Mr. PEREZ. Madam Chairman, we import almost 90 percent of the products purchased and consumed on the island. Therefore the market for locally grown and processed products is very good.

In order to achieve this program, and in order to increase our production, we therefore need the help and assistance of the U.S. Government in giving us sufficient appropriations under the Guam Economic Development Act. This fiscal year, 1975, we are requesting $1 million appropriations to support these projects.

### LAND AVAILABLE FOR AGRICULTURE

Mrs. HANSEN. How much agricultural land is available on the Island of Guam?

Mr. PEREZ. On the Island, as you know, the total area of Guam is about 205 square miles. We consider one third belongs to the military, one third to the Government of Guam and one third to the private sector.

Mrs. HANSEN. In that private sector you have to develop your agriculture.

Mr. PEREZ. Yes, and we are hopeful and pray that the excess land of the Federal Government may be transferred to our Government of Guam so that we may have an increased area for development.

### TYPE OF CROPS

Mrs. HANSEN. What crops can you raise that will add significantly to the Island's production picture?

Mr. PEREZ. Lettuce, cucumbers, Chinese cabbage, bell peppers. The products produced by hydrophonic farming.

**Mrs. Hansen.** Do you have anything more?

### SWINE INDUSTRY DEVELOPMENT

**Mr. Perez.** Under our request for this $1 million we have identified the projects for 1974 and 1975. With the slaughterhouse primarily for the development of the swine industry, $125,000.

**Mrs. Hansen.** Don't you have to have a swine industry before you build the slaughterhouse?

**Mr. Perez.** That's an interesting question since in tourism in the beginning we are thinking whether to build the hotel first and wait for the tourists or have the tourists first and then build the hotel.

**Mrs. Hansen.** The U.S. foreign aid program at one time built a big beef packing house in a country in which they couldn't possibly export enough beef because they didn't even have enough beef to feed their own country. After you have developed an industry is the time to build a slaughtering house. It seems to me that to have a slaughterhouse before you have the industry, you may have some problems.

**Mr. Perez.** Either way, Madam Chairman, we will have problems.

**Mrs. Hansen.** I am sure you will.

**Mr. Perez.** If we raise the swine first we cannot sell our products because the USDA requires us to meet USDA specifications so we must get the slaughterhouse.

### MARICULTURE DEVELOPMENT

**Mrs. Hansen.** You have a commercial fish farm to produce catfish and eels in brackish water. What potential does this offer?

**Mr. Perez.** A very big potential.

**Mrs. Hansen.** Has it been successful to date?

**Mr. Perez.** We have one pilot project. We have already determined we can grow our eels faster than on Taiwan by 2 months.

**Mrs. Hansen.** How about your shrimp and oysters?

**Mr. Perez.** We are hopeful. We have already dug the fish pond for these projects. We are just waiting for our eel project to be completed before we go to the next pilot project.

**Mrs. Hansen.** You are planning a pilot project on developing your shrimp and oysters?

**Mr. Perez.** Yes, as advised by our Department of Agriculture.

**Mrs. Hansen.** How about the catfish?

**Mr. Perez.** These are fish that can be easily grown and easily raised with little expense. We need this kind of food very much on Guam, especially to assist our tourist industries.

### VEGETABLE PROCESSING

**Mrs. Hansen.** You have a vegetable processing plant. What does this involve?

**Mr. Perez.** Actually it is a Kimchee factory. Kimchee is a very popular pickled vegetable with a Korean formula. It is very popular in the Far East and on Guam. We will raise a lot of Chinese cabbage, green onions and any surplus from those can be pickled so we can encourage the farmers to grow more.

### LIVESTOCK DEVELOPMENT

Mrs. HANSEN. $200,000 is requested for livestock development facilities to purchase buildings, inventories, and equipment necessary to encourage commercial production of swine, cattle, goats, and other livestock. Do you want to make a comment on this request.

Mr. PEREZ. In order to encourage the production of livestock, we need to give our farmers the necessary working capital.

Mrs. HANSEN. Will these be on a loan basis?

Mr. PEREZ. Yes, ma'am, all this will be loaned out in accordance with the regular loan procedures.

Mrs. HANSEN. What interest rate will you charge?

Mr. PEREZ. The running governmental obligation rate plus 1 percent service fee in order to pay for operating expenses.

Mrs. HANSEN. At this point in time what is that?

Mr. PEREZ. It is a little over 8 percent governmental obligation, so we will be charging a little over 9 percent for the loan.

### TUNA INDUSTRY

Mrs. HANSEN. $600,000 is requested for a tuna cannery. Do you have a good tuna industry?

Mr. PEREZ. Not yet. What happened in our program, Madam Chairman, since the U.S. Congress back in 1968 ordered a study for a tuna cannery, we are proceeding toward the promotion of this project.

Mrs. HANSEN. But you have to have the boats to bring in the tuna. Do you have that kind of a fishing fleet?

Mr. PEREZ. We are planning to proceed with the program just the same as American Samoa is doing with the foreign fishing vessels, selling their catch to the cannery.

Mrs. HANSEN. Once you build your cannery you are then going to be faced with the problem of what to do with the wastes. What used to go from our canneries into the river, it isn't going there anymore. It has to go someplace else. As you develop your cannery, you had better provide for a sewage disposal system, because this gets to be quite a problem in hot climates.

Mr. CARPENTER. That is correct.

Mrs. HANSEN. It isn't simple. In the days when I was a child canneries were build any place along the river, but that is no longer the situation. In fact I doubt if a fish cannery could be built today with fishing confined to the 12-mile limit. You say, our local fishermen can take advantage of the fishing facilities and equipment. Is this your boat?

Mr. PEREZ. Yes, Madam Chairman, we are now programing this to encourage our local fishermen to join together under a corporation in order to purchase a fishing boat to catch the local fish for local market.

Mrs. HANSEN. Will you be able to acquire the necessary gear and boats within the $300,000 you are requesting? You will have a great deal of competition from the Koreans and Japanese.

Mr. PEREZ. Yes, ma'am. In accordance with U.S. law, we have the 12-mile limit. Our local fishermen can take advantage of the fishing waters within the 12-mile limit.

Mrs. HANSEN. Will your cannery be buying some products from these other nations?

### FISHERIES SUPPORT FACILITIES

Mr. PEREZ. Yes, if they have a surplus.

Mrs. HANSEN. $600,000 is requested for a cold storage plant. What does this involve?

Mr. PEREZ. As a supporting facility for the fishing vessels. What we would like to do is encourage more of our local investors, rather than giving other investors a chance to put up the cold storage. The cold storage alone will be a separate entity from the cannery and the fishing vessels projects.

Mrs. HANSEN. Will your cold storage facility be able to handle any of your swine industry products?

Mr. PEREZ. Yes. We already have one cold storage plant in operation to take care of that.

### LOCAL FISHING CAPABILITIES

Mrs. HANSEN. I am interested in the development of your fishing fleet, because the best laid plans of mice and men sometimes go astray. Do you have a group of your own Guamanian fishermen wanting to do this type of fishing?

Mr. PEREZ. I have been approached by prominent fishermen from the southern end of the island. They would like to take advantage of this financial assistance.

### REVIEW OF GUAM FEDERAL RELATIONSHIP

Mrs. HANSEN. On November 23, 1973, the Secretary announced that you were initiating a joint review on the Guam-Federal Government relationships. What is the status of that review?

Mr. CARPENTER. The Governor only recently appointed the members for his side of the review. We expect to have the first formal meeting of the joint group late this month.

Mrs. HANSEN. What have you been doing since November?

Mr. CARPENTER. As you know, there is an election this fall in Guam, and Guam is a rather political place. The Governor and his people have been heavily involved in pre-election campaigning.

### LENGTH OF LOAN PERIOD

Mrs. **Hansen**. What are the terms of the loans made under the Guam development program? What has been your repayment experience on loans?

Mr. **Perez**. In accordance with public law, it states that we can grant loans not to exceed 25 years, and that the amount of loan to any one project cannot exceed 25 percent of the appropriated funds, and that shall be the maximum loan we can give to any one project. Our experience right now in the loan fund is that we are just starting granting of the loans. Therefore, within this short time we cannot give you our experience other than to say it is good at this time.

### LOAN IMPACT ON BUSINESS ENTERPRISES

Mrs. **Hansen**. What impact has this fund had on enabling local residents to enter business enterprise?

Mr. **Perez**. This impact that it would give, in accordance with our presentation back in 1965 we have indicated that Guam lacks working capital. With this kind of seed money that we have in our hands, the impact will be to give more opportunity to our local business people to carry on the business, rather than by outsiders.

Mrs. **Hansen**. Such as?

Mr. **Perez**. Such as we have now: Chinese businessmen, Japanese and other people.

Mr. **Evans**. Will the Chair yield? What kind of projects have you lent money for, and are they operating successfully?

Mr. **Perez**. Under the economic funds we are just starting to lend the money from the fund.

Mr. **Evans**. How many loans have you?

Mr. **Perez**. So far we have 6 out of 10 applications we received.

Mr. **Evans**. And they are for what kinds of businesses?

Mr. **Perez**. These are mostly for agricultural and fishing programs. I will supply a list for the record.

[The information follows:]

## GUAM DEVELOPMENT FUND ACT - 1968

## STATUS OF LOAN APPLICATIONS RECEIVED

| Application Number | Names | Amount Requested | Loans Made | | Loan Applicat Approved But Loan Not Yet |
|---|---|---|---|---|---|
| | | | Pending | Disbursed | |
| 01 | Flores Poultry Farm<br>(Egg productions) | $120,000 | | $120,000 | |
| 02 | Jose C. Quintanilla<br>(Swine & poultry farm) | 50,000 | | | $50,000 |
| 03 | Manuel M. Merfalen<br>(Farm equipment rental) | 32,184 | $32,184 | | |
| 04 | Drew Kaye<br>(Agriculture) | 20,000 | | 20,000 | |
| 05 | C & H Farms, Inc.<br>(Poultry Processing Plant) | 142,696 | | 142,696 | |
| 06 | Charles C. Hambley<br>(Marine Passenger & Boat Service) | 15,000 | | 15,000 | |
| 07 | Fred Quitugua<br>(Agriculture) | 15,000 | 15,000 | | |
| 08 | Eugene C. Kuehnis, Jr.<br>(Hatchery & Poultry Meat Birds) | 200,000 | 200,000 | | |
| 09 | Oceanica Development Corp.<br>(Tourist Facilities) | 150,000 | 150,000 | | |
| 10 | Brooking C. Whitehouse<br>(Hydrophonic Farming) | 50,600 | | | 50,600 |
| | | $795,480 | $397,184 | $297,696 | $100,600 |

NOTE: It is the policy of GEDA that whenever a loan is made, loan proceed is being held under loan commitment and is disbursed upon receipt of request to pay from loan proceed in payment of expenditure as identified on loan application.

Mr. EVANS. Thank you, Madam Chairman.

Mr. LONG. Will the Chair yield?

Mrs. HANSEN. Yes.

### TERMS OF LOANS

Mr. LONG. What are the terms of these loans?

Mr. PEREZ. On the terms of the loans, mostly they are not asking for the maximum. It depends upon the amount of the loan. Normally up to this time the maximum period that we extend is 15 years for the poultry processing plant.

Mr. LONG. Fifteen years for total repayment?

Mr. PEREZ. Right.

Mr. LONG. Is there a grace period?

Mr. PEREZ. No grace period.

### INTEREST RATES ON LOANS

Mr. LONG. What is the interest rate?

Mr. PEREZ. Monthly amortization. It is a little over 9 percent.

Mr. LONG. These are not concessional loans. This is more or less commercial?

Mr. PEREZ. Yes, sir.

### BACKUP FACILITIES

Mr. LONG. Very good. I applaud that. What do you mean by backup facilities? What are loans for backup facilities?

Mr. PEREZ. For example, in the fishing industry we look at the backup like a cold storage plant and cannery. On our swine and poultry, the slaughterhouse and processing plant. On our farming production we have the pickle factory as a backup project.

Mr. LONG. Are you just getting started with these loans?

Mr. PEREZ. Yes, sir.

Mr. LONG. There is no history of it?

Mr. PEREZ. No history yet, not until next year.

Mr. LONG. Do you have an expectation that this will be repaid? What is the feeling about that?

Mr. PEREZ. Yes, sir. Our people are very much concerned whenever they borrow money, especially on these loans the statute says we have to make good loans.

Mr. LONG. I never heard of a fund that was set up to make bad loans.

Mr. PEREZ. We are very careful in processing applications.

Mr. LONG. So far it sounds good. I hope you will set a new trend.

### COMMENDING THE PEOPLE OF GUAM

Mrs. HANSEN. I may say to Dr. Long that the development of programs for Guam have been some of the happier experiences for the United States, because the people are very responsible. Their schools have been built on schedule. They have accomplished this very forthrightly. They do have the misfortunes of typhoons, but they have been very responsible in their spending programs.

Mr. CARPENTER. Yes, I would certainly agree.

Mr. LONG. I think we should create a Congressional Medal of Honor that we could present to Guam.

Mrs. HANSEN. I do want to commend the people of Guam. You have been very responsive. Your school programs have been on schedule, your road programs, and your public works programs have also been on schedule.

### OUTSIDE CAPITAL

Mr. EVANS. Madam Chairman, could I ask another question? Outside capital is coming into Guam. To what kinds of businesses is this capital going?

Mr. PEREZ. Mostly on the regular commercial venture, merchandising, hotels. They finance hotels, but mostly for commercial ventures, short-term loans.

Mr. EVANS. Is it going into the acquisition of land and farming?

Mr. PEREZ. Land mostly. There is a necessity for renting for farming.

### GAMBLING ON GUAM

Mr. EVANS. Is there a problem of growth in gambling on Guam? It is my understanding that pressure is being put on the government to allow legalized gambling? Is this correct?

Mr. PEREZ. A certain sector in our community is pressing for gambling, but other sectors are opposed to gambling. This is why that gambling bill has never been successful.

Mr. EVANS. Is it against the law to gamble in Guam?

Mr. PEREZ. Not all gambling. You can play bingo. We have our own bingo games on Guam, and cockfighting; but that is all that we have on Guam. Regular gambling is prohibited.

Mr. EVANS. Thank you.

### GUAM COMPTROLLER—RECOMMENDATIONS IMPLEMENTED

Mrs. HANSEN. You are requesting $625,000 for the Comptroller's Office, Guam. What percentage of the 896 recommendations made so far have been agreed to by Guam?

Mr. FAGG. At my last count about 80 percent of my recommendations had either been implemented or were in the process of being implemented. Those that hadn't been implemented or weren't in the process, normally the government had not had time to work on them yet. We feel that the response to our recommendations by the government of Guam is very good.

Mrs. HANSEN. Will you place a list in the record of some of the recommendations you made that were implemented.

Mr. FAGG. I don't think you want all 896. Yes, ma'am.

[The information follows:]

GOVERNMENT COMPTROLLER FOR GUAM

SOME OF THE MORE SIGNIFICANT RECOMMENDATIONS (10)

OF THE GOVERNMENT COMPTROLLER'8 OFFICE

WHICH HAVE BEEN IMPLEMENTED

| Report | Recommendations | Remarks |
|---|---|---|
| RG 70-1- Bill Number 273 of the Tenth Guam Legislature July 8, 1970 | That the Port Manager continually review his operations to determine and consummate economies. | Our review disclosed excess personnel and other ineconomies. As a result of our recommendations, the Port Manager reduced his staff by 25 personnel to effect annual savings of approximately $150,000. |
| " | Rescind Executive Order No.65-4 which transferred Port Security Division to Public Safety | Our review and computations showed that substantial overall savings could be effected by returning the security functions to the Commercial Port. This recommendation was affected resulting in annual savings of approximately $150,000. |
| RG 70-3 - Guam Memorial Hospital Accounts Receivable July 8, 1970 | Recommend amendment to PL 9-131 to facilitate collection of accounts receivable. | PL 9-131 provided that before legal action could be taken against debtors the Hospital Administration had to certify that the debtor had the capabilities to pay the bill. This was a serious obstacle to any collection. As a result of our recommendations, this restriction was removed resulting in annual savings of approximately $1,000,000. |
| " | Train and supervise admissions personnel to enable them to determine charges to be billed to Public Health and Social Services, to insurance companies, and to financially responsible parties. | A continuous training program has been instituted. Although we do not believe that the implementation of this recommendation is susceptible to translation into estimates of dollar savings, we believe that this implementation will result in substantially improved controls and operations. |

| | | |
|---|---|---|
| RG 70-5 - Purchasing Procedures and Practices of the Department of Administration August 23, 1971 | Prepare and implement detailed written procedures for all aspects of the purchasing operations and all other warehousing and related administrative functions. Procedures should be reviewed annually. | Recommendation is being implemented. Although we do not believe we can logically affix or estimate dollar savings amount to this implementation, we believe that the benefits are very substantial. |
| RG 70-6 - Department of Education - Purchasing and Procedures August 23, 1971<br>and<br>RG 70-7 - Guam Memorial Hospital - Purchasing Procedures and Practices August 23, 1971 | Use common supply service of the U.S. Navy for purchases. | Partial implementation of this recommendation has resulted in an estimated $600,000 annual savings for the Government of Guam. |
| RG 71-4 - Travel, Government of Guam December 31, 1970 | Require Government of Guam employees to use economy travel. | Substantially implemented. Estimated annual savings realized from economy class and chartered flights is approximately $500,000 annually. |
| RG 70-18 - Budgetary Controls of Expenditures of the Government of Guam January 7, 1971 | Enact a statute defining appointment, tenure, duties, responsibilities and accountability of disbursing and certifying officers. | In July 1973, PL 12-34 was enacted to provide for a system of public accountability within the Government of Guam. This law establishes certifying and disbursing officers, their duties, responsibilities and liabilities. No dollar savings can be affixed to the implementation of the recommendation, however, very substantial benefits in controls will result from this law. |
| RG 71-11 - Transfer of Land Within the Territory of Guam During Calendar Years 1968 and 1969 June 4, 1971 | Real Property Tax Division should note changes of ownership fpr the assessment of real property taxes. | Recommendation was implemented resulting in increased annual income estimated at $200,000 per year. |
| RG-71-19 -School Lunch Fund and School Lunch Program, Department of Education September 27, 1971 | Program Consultant should recommend personnel allotments for each cafeteria using criteria of 65 participants per employee. | Recommendation implemented with reduction of personnel resulting in annual savings in the approximate amount of $400,000 per year. |

### COMPTROLLER RESPONSIBILITY IN TTPI

Mrs. Hansen. Will the new duties of the Comptroller to audit operations of the Trust Territory in any way limit your capability to do a complete job in Guam?

Mr. Fagg. No, ma'am.

Mrs. Hansen. That is a positive statement?

Mr. Fagg. I don't know anything else to tell you.

Mrs. Hansen. The Trust Territory has improved somewhat since our last hearing.

Mr. Fagg. We look on it as a very interesting challenge.

Mrs. Hansen. I am sure that is an understatement of the year.

### GUAMANIAN COMPETITION WITH OUTSIDE CAPITAL

Mr. Yates. How are the Guamanians able to compete against outside capital coming in, in the business enterprise on the island? You have indicated that Chinese and Japanese capital is coming in. Are the Guamanians in a position to compete with such enterprises?

Mr. Perez. Mostly in those enterprises, where the foreign investors are running a very big investment, our own local people cannot make the necessary competition. For example, hotels where it requires $13 million, $14 million, or $15 million. Those are the ones that alien investors are concentrating more, in tourist facilities.

Mr. Yates. Isn't tourism your biggest industry?

Mr. Perez. Yes.

Mr. Yates. And shouldn't the people of Guam themselves be engaging in this kind of thing?

Mr. Perez. Yes.

### OTHER SOURCES OF LOANS

Mr. Yates. Can you not get loans from the Asian Development Bank or other banks to do this?

Mr. Perez. We are trying right now. That is one of our objectives in Washington, is to knock on the door of the State Department to sponsor us to be an associate member of Economic Commission for Asia and Far East so we may become a member of the Asian Development Bank.

Mr. Yates. So you can get capital?

Mr. Perez. So we can get more capital.

Mr. Yates. In other words, it is either an appropriation or becoming a member?

Mr. Perez. Yes, sir.

Mr. Yates. As far as I am concerned I think you ought to be in a position to compete.

Mr. Perez. Yes, Sir. We organized one hotel but that project has not yet left the ground. This group has already put up about a quarter of one million dollars to put into a hotel.

Mr. Yates. You mean Guamanians, but one of the biggest obstacles is finding financing.

[Discussion off the record.]

### AMOUNT OF U.S. PRIVATE CAPITAL

Mrs. HANSEN. How much American capital is invested in Guam?

Mr. PEREZ. We calculated that just the other day. We have a lot of American capital.

Mrs. HANSEN. Are the hotels owned by American citizens?

Mr. PEREZ. The Continental Hotel is owned by U.S. investors. The Hilton is also owned by U.S. investors. The other hotels have Guamanian stockholders, under the ownership of land which they have put into stock.

Mrs. HANSEN. Are there any other questions?

### GUAM FISH FARM

Mr. WYATT. I have a few questions. I am interested in the fish farm in Guam. Is there a native shrimp fishery in existence around Guam at the present time?

Mr. PEREZ. No, sir, mostly the shrimp that we harvest are just from our local river which has a very small quantity.

Mr. WYATT. So your pond experiment would be to see how you could enlarge this, and what you could do with it?

Mr. PEREZ. Yes, sir.

Mr. WYATT. How about oysters, is that the same thing?

Mr. PEREZ. We are thinking about that. We are going through the eel project first.

Mr. WYATT. Do you have a native oyster in Guam?

Mr. PEREZ. No, sir.

Mr. WYATT. You would be introducing a new shell fish?

Mr. PEREZ. Right.

### FOREIGN FISHING RIGHTS

Mr. WYATT. In this $1.5 million that you have labeled here for a tuna cannery and commercial fishing, you have a tuna cannery at $600,000. Before I get into that, does Guam have the same legal status as American Samoa as far as foreign flag fishing vessels landing fish in Guam?

Mr. PEREZ. Yes.

Mr. WYATT. No restrictions?

Mr. PEREZ. No restrictions.

Mr. WYATT. At all?

Mr. PEREZ. They may come in, load and unload.

Mr. WYATT. I wonder if you would furnish for the record, Mr. Perez, the statute that permits this. I think it would be helpful.

[The information follows:]

TREASURY DEPARTMENT,
BUREAU OF CUSTOMS,
*Washington, D.C., June 12, 1953.*

### MARINE CIRCULAR NO. 124

Subject: Inapplicability to Guam and American Samoa of prohibition in section 251, title 46, United States Code, against a foreign-flag vessel engaged in certain fishery operations.

For your information, the following is the pertinent part of the Bureau's reply to an inquiry which included the question whether section 4311, Revised Statutes (46 U.S.C. 251), as amended by the act of September 2, 1950 (64 Stat. 577), has application to Guam and American Samoa:

You ask whether the Bureau has settled the question of the statute's application to Guam and American Samoa, and, if so, under what authority of law the settlement was determined. The section of law cited prohibits, except as permitted by treaty or convention, a foreign-flag vessel, whether documented as a cargo vessel or otherwises from landing in a port of the United States its catch of fish taken on board on the high seas or fish products processed therefrom, or any fish or fish products taken on board such vessel on the high seas from a vessel engaged in fishing operations or in the processing of fish products.

The act of August 1, 1950 (ch. 512, 64 Stat. 384-393; 48 U.S.C. Supp. V, 1421-1424b.), declaring Guam to be an unincorporated territory of the United States and setting forth its form of government, also states that no law of the United States thereafter enacted shall have any force or effect within Guam unless specifically made applicable by act of the Congress, either by reference to Guam by name or by reference to "possessions." The act of September 2, 1950 (64 Stat. 577), being a "law of the United States thereafter enacted," has no force or effect within Guam because the act is not specifically made applicable, either by reference to Guam by name or by reference to "possessions."

American Samoa is an unorganized, unincorporated territory appurtenant to the United States. As such neither American Samoa itself nor any port or place therein is a "port of the United States" within the purview of section 4311 of the Revised Statutes, as amended, unless it can be made to appear that Congress intended otherwise. To this Bureau, it does not so appear.

The Bureau therefore is of the opinion that a foreign-flag vessel is not prohibited by section 4311 of the Revised Statutes, as amended, from landing in Guam or American Samoa its catch of fish or fish products taken on board such vessel on the high seas from a vessel engaged in fishing operations or in the processing of fish or fish products.

Collectors of customs and others concerned should be guided thereby when furnishing information in response to like inquiries.

———— ————,

*Acting Commissioner of Customs.*

### CANNERY DEVELOPMENT—JOINT VENTURE

Mr. Wyatt. In connection with an item of $600,000 to build a tuna cannery, is it your thought that the Government of Guam would build a tuna cannery, or would this be to loan money to people who are interested in building this?

Mr. Perez. Who are interested but mostly the capital will be coming from the United States. Van-camp and Delmonte are very interested.

Mr. Wyatt. They are interested in it at the present time. And this $600,000 would be available through the Economic Development Corporation of Guam to assist some fishing company to build a tuna cannery in Guam, is that correct?

Mr. Perez. No, not to build, but to go into a venture with the big companies.

Mr. Wyatt. Under what circumstances? What kind of arrangements? It is not clear to me and I think it should be clearer for the record.

Mr. Perez. What we plan to do is we will encourage our local fishermen to participate in this cannery by lending them money to get a share of the cannery.

Mr. Wyatt. You have an item of $300,000 for investment in commercial fishing facilities and equipment. Then you have an item also for $600,000 for a cold storage plant. What I don't understand is this. I understand that $300,000 would be investment in commercial fishing facilities and equipment. Where would be your loans to the local fishermen, under which of these items?

Mr. Perez. That is the $300,000 of the $600,000.

Mr. Wyatt. Exactly what would the $600,000 be used for? How do you contemplate that the tuna cannery money would be used?

Mr. Perez. As an incentive for them to own part of the tuna cannery.

Mr. Wyatt. You would loan $600,000 to various Guamanian fishermen for them to invest with an outside investor in the cannery, is that what you have in mind? Mr. Bugas just walked in the room. He is all ears.

Mr. Perez. This would be a local venture. In other words for the cannery and fishing venture to be supported.

Mr. Wyatt. Would this $600,000 for the cold storage plant be used by Guamanians to build a cold storage plant?

Mr. Perez. Yes.

Mr. Wyatt. Or to participate in the ownership with outside interests?

Mr. Perez. Either to participate or to own outright.

Mr. Wyatt. Can you build a reasonably good sized cold storage plant for $600,000 in Guam?

Mr. Perez. The one that we put up on the bonded warehouse is about $800,000 for the cold storage itself.

Mr. Wyatt. So it would be one way or the other participating or perhaps the local people building the plant.

Mr. Perez. Yes.

Mr. Wyatt. Have you had an expression of interest by Guamanians to actually get in the fishery itself, to go fishing for tuna?

Mr. Perez. Yes; not for tuna especially but for the local fish, the table fish. A group from the southern end of the island who are mostly fishermen came over to our office and started negotiating.

Mr. Wyatt. That would be for local consumption?

Mr. Perez. Yes.

Mr. Wyatt. Thank you, Madam Chairman.

Mrs. Hansen. Mr. Veysey.

### LACK OF BANK LOANS FOR LOCAL FARMERS

Mr. Veysey. If I may ask a further question, I believe you indicated the great shortage of food for local supply and the high prices are a serious problem. Also I think somewhere along the line you indicated that banks or other agencies were reluctant to extend credit or loans to local farmers. What is the problem that is causing that?

Mr. Perez. Actually the repayment program normally a bank insists on a lower maturity. For our economic development fund we can extend it.

Mr. Veysey. For a longer period of time.

Mr. Perez. Yes; longer period.

Mr. Veysey. That would be for capital improvements mostly?

Mr. Perez. Yes; mostly for equipment and and buildings.

### LAND FOR AGRICULTURAL DEVELOPMENT

Mr. Veysey. What is the status of the land availability to farmers there? Is that adequate?

Mr. Perez. The government is actually giving incentives to the farmers and has reserved several pieces of land just to lease to farmers.

Mr. Veysey. So they do have land available. Do the farmers have the necessary knowhow and technology to produce effectively?

### AGRICULTURAL KNOW-HOW AND TRAINING

Mr. Perez. The Department of Agriculture is assisting in this way. Just recently on our land-grant college they have instituted an agricultural education program. This will be one of the biggest things that will happen to Guam, to encourage the young people to go back to the farm.

Mr. Veysey. That has been very beneficial in other States here, of course, and I think that would do a good deal to improve the technology of agriculture. A farmer trying to get started might need a loan for equipment and facilities, and he would also need a working capital loan. Would the working capital loan come from the bank?

Mr. Perez. No, not yet. We first have to assist them until they really know and are in full swing to show from profit and loss that they are really making profits. Then the bank would be interested.

Mr. Veysey. In other words, the banks would loan to those who really need it so much but would not want to loan it to somebody just getting into the business.

Mr. Perez. Into the business, yes.

Mr. Veysey. So that risk capital is what you are seeking?

Mr. Perez. Yes; what we are.

Mr. Veysey. Do you see any source of that capital?

Mr. Perez. No, sir; not at this time in Guam. The only thing would be on economic development from governmental funding.

Mr. Veysey. Out of the economic development fund are you in a position to make loans for venture capital, risk capital say to farmers starting out?

Mr. Perez. Yes, sir.

Mr. Veysey. You are, and will you be doing so?

Mr. Perez. We are very much interested in that program.

### AMOUNT OF AGRICULTURE ON GUAM

Mr. Evans. I would like to follow Mr. Veysey's questions with another. How many acres or how much land is currently devoted to agricultural production on Guam?

Mr. Perez. There is a tract of land in the northern end of the island that is reserved specifically, Government land reserved specifically to lease to farmers. They are now leasing about 8 acres to each farmer.

Mr. Evans. How much farming is taking place on land on Guam? Could you supply that for the record?

Mr. Perez. Yes.

[The information follows:]

The Territory of Guam produces 25–30 percent of the fruits and vegetables consumed by the civilian market, approximately 7 percent of the beef, 20 percent of the pork and 5 percent of the poultry meat today. Only in egg production, where approximately 90–95 percent is produced locally, is Guam close to being self-supporting. Total local agricultural marketing value has been averaging $2,300,000 annually during the past 3 years, while imports have averaged about $4,400,000. These figures do not include military imports to Guam. About 400 full time and part time farmers cultivate less than 1,000 acres and agricultural land prices are increasing drastically.

Mr. Evans. And whether it is on private land or Government land. Thank you, Madam Chairman.

Mrs. HANSEN. Thank you very much, Mr. Perez and Mr. Fagg.

Mr. PEREZ. I forgot to transmit to you a resolution from our Guam legislature endorsing this. I would like it for the record.

Mrs. HANSEN. Thank you very much. It will be included in the record.

[The information follows:]

TWELFTH GUAM LEGISLATURE,
*Agana, Territory of Guam, U.S.A., March 28, 1974.*

Hon. JULIA BUTLER HENSEN,
*Chairman, Subcommittee on Interior and Related Agencies, House Office Building, Washington, D.C.*

DEAR CHAIRWOMAN: Transmitted herewith is resolution No. 228, duly and regularly adopted by the legislature.

Sincerely yours,

JOSE R. DUENAS,
*Acting Legislative Secretary.*

Enclosure.

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TWELFTH GUAM LEGISLATURE 1974 (SECOND) REGULAR SESSION

RESOLUTION NO. 228

Introduced by F. T. RAMIREZ.

Relative to requesting and memorializing the Congress of the United States to act favorably on a pending appropriation of $1 million, said sum to be utilized by the Guam Economic Development Authority for the fiscal year 1975.

*Be it resolved by the Legislature of the Terriory of Guam:*

Whereas the territory of Guam, in recent years, has experienced an economic growth which is unparalleled within the continental United States; and

Whereas the problems associated with rapid economic development are heightened by the fact that the territory of Guam is extremely dependent upon other areas for materials, particularly consumer goods; and

Whereas Congress, recognizing this unique situation, established the Guam Development Fund in 1968, authorized an appropriation not to exceed $5 million, and appropriated $1.5 million for the fiscal years 1973 and 1974; and

Whereas the Guam Economic Development Authority created by Public Law 8-80 (8th Guam Legislature) has requested an appropriation of $1 million from the Guam Development Fund, said sum to be utilized for various projects which will alleviate Guam's dependency on other areas for foodstuffs and produce; that is, slaughterhouse, commercial fish farm, vegetable processing plant, livestock development farm, tuna cannery, and cold storage plants: Now, therefore be it

*Resolved*, That the 12th Guam Legislature does hereby request and memorialize the U.S. Congress to act favorably on the pending appropriation request from the Guam Development Fund in the amount of $1 million for the fiscal year 1975, said sum to be utilized for the above-cited projects which are necessary and vital to the health, safety, and well-being of the people of the territory of Guam; and be it further

*Resolved*, That the Speaker certify to and the Legislative Secretary attest the adoption hereof and that copies of the same be thereafter transmitted to the Honorable Alan Bible, chairman for Subcommittee on Department of Interior and Related Agencies, U.S. Senate, to the Honorable Julia Butler Hansen, chairman for Subcommittee on the Department of Interior and Related Agencies, House of Representatives, to Congressman A. B. Won Pat, Guam's Delegate to Congress, to Jose S. Perez, administrator, Guam Economic Development Authority, and to the Governor of Guam.

Duly and regularly adopted on the 28th day of March 1974.

JOSE R. DUENAS,
*Acting Legislative Secretary.*
F. T. RAMIREZ,
*Speaker.*

MONDAY, APRIL 1, 1974.

## AMERICAN SAMOA

### WITNESSES

### GOVERNMENT STAFF

**JOHN M. HAYDON, GOVERNOR, AMERICAN SAMOA**
**CARL MEEUWSEN, DIRECTOR OF ADMINISTRATIVE SERVICES**
**THOMAS A. MAHAR, PLANNING AND BUDGET OFFICER**

### SAMOAN LEGISLATURE

**SALANOA AUMOEUALOGO, PRESIDENT OF THE SENATE**
**TUPUA LEIATO, SPEAKER OF THE HOUSE**
**A. U. FUIMAONO, DELEGATE AT LARGE**
**FOFO SUNIA, SENATOR, CHAIRMAN, JOINT PROGRAM AND BUDGET**
**NOFOA STEFFANY, REPRESENTATIVE, VICE CHAIRMAN, JOINT PROGRAM AND BUDGET**

### DEPARTMENT OF THE INTERIOR

**STANLEY S. CARPENTER, DIRECTOR, OFFICE OF TERRITORIAL AFFAIRS**
**FRANCIS WILES, DIRECTOR OF BUDGET**

### INTRODUCTION OF WITNESSES

Mrs. HANSEN. The next agency to appear is American Samoa. This morning we have as our principal witness Governor Haydon. I would like to recognize the very distinguished President of the Senate, and the Speaker of the House. We also have with us today the Delegate at Large from Samoa, Mr. Fuimaono; the chairman of the joint program and budget committee, Mr. Sunia; and the vice chairman of the joint program and budget committee, Mr. Steffany. It is a pleasure to welcome the members of the Samoan Legislature. Mr. Haydon, do you want to introduce your staff?

Governor HAYDON. Madam Chairman, I think you know the gentlemen: Mr. Tom Mahar, our planning and budget officer who appeared here last year; Mr. Carl Meeuwsen, the director of administrative services who has appeared here several years. The Delegate at Large has his assistant here, Mr. Eni Hunkin. I believe that is everybody from Samoa.

### JUSTIFICATION MATERIAL

Mrs. HANSEN. We will place your justifications in the record at this point.

[The information follows:]

## GOVERNMENT OF AMERICAN SAMOA

## HIGHLIGHT STATEMENT

## Fiscal Year 1975

### Description of the Territory

The territory of American Samoa consists of a group of seven islands located 2,300 miles southwest of Hawaii and 1,600 miles northwest of New Zealand. Total land area of the seven islands is 76 square miles. A current population of 29,000 live in the American Samoa Territory with approximately 25,000 occupying the main island of Tutuila. Approximately 96 percent of land is communally owned, and land use and property are principally controlled by the matais who administer Samoan aiga (extended family units).

### Government of Authority and Responsibility

The role and responsibilities of the United States in the American Samoan territory are prescribed in the Treaty Agreement of 1900 between the United States, Great Britain, and Germany. This treaty was accompanied by a series of deeds of cession negotiated between the United States and the chiefs of the seven islands. The treaty allowed the United States to establish a naval base at Pago Pago harbor. The treaty also obligated the United States to promote the economic, political, health, and educational development of American Samoa and to do so without interfering with the customs of the Samoan people. This responsibility was carried out by the United States Navy until 1951, at which time administration of the territory was transferred to the Department of the Interior by Executive Order No. 10264.

### Plans and Policies

The principal operating policy of the Government of American Samoa is to develop the territory, leading to self-sufficiency and to attain this with minimum disturbance of the traditional Samoan cultural values.

The range of programs and services provided by the Government of American Samoa is very broad. These include the executive, legislative, and judicial functions of self-government. In addition, the typical governmental services of police and fire protection, public education, roads, water, sewer, parkland development and maintenance are provided. To date, the territory is still insufficiently developed to have enabled private interests to offer other public services. Thus, the Government of American Samoa remains the principal provider in the territory of medical services, news services, marine resource development, employment assistance, tourism development, port services, local telephone and overseas communications, electric utility and harbor, airport and industrial park development. It is the plan of this Government to transition as many of these latter categories of activities to private providers as rapidly as they can be assumed by responsible sources.

Fiscal Year 1975 Program

The FY 1975 request for Department of the Interior budget authority is $14,000,000, the same amount as was appropriated for FY 1974. The total budget estimate for the Government of American Samoa, considering all sources of revenue, is $37,176,000 for FY 1975, or $2.22 million greater than FY 1974.

The principal policy applied to decisions concerning individual budget requests was to favor those programs and projects which we believe will foster development of the territory toward self-sufficiency and self-determination.

Requested Department of the Interior budget authority for FY 1975 is for basic operations only. This is in contrast to previous years use of this funding source for both operations and capital improvement projects. The concentration of Department of the Interior funding to support basic operations only simplifies the overall system of financing the government.

Direct Congressional Appropriations are again requested to finance the Governor's Office and Judiciary Branch of the GAS. Department of the Interior grant-in-aid funds are requested for administration, legal affairs, education, health services and design, operations and maintenance of capital improvements. All construction project financing will be borne by local appropriations in FY 1975. This generates more local involvement in decision processes to select capital improvements projects and priorities. It also simplifies the process of reprogramming of funds in the event CIP plans are changed.

Total employment of the Government of American Samoa will increase to 3,813 in FY 1975 up from 3,716 in the previous year. The total number of contract and U.S. Civil Service employees is 235, or one less than FY 1974.

### GOVERNMENT OF AMERICAN SAMOA
### TOTAL BUDGET
### SUMMARY BY SOURCE OF FUNDS

| Basic FY Appropriations | Approved FY 1973 | Approved FY 1974 | Proposed FY 1975 |
|---|---|---|---|
| Direct Congressional Appropriations | 520,000 | 556,000 | 676,000 |
| Department of Interior Grant-in-Aid | 14,510,000 | 13,444,000 | 13,324,000 |
| Basic Local Appropriations | 7,197,000 | 11,377,000 1/ | 17,290,000 2/ |
| Sub-Total | 22,227,000 | 25,377,000 | 31,290,000 |
| Local Appropriations-Excess Revenues: | | | |
| FY 1972 Excess Revenues - PL12-36 | 47,000 | N.A. | N.A. |
| FY 1972 Excess Revenues - PL12-57 | 1,452,000 | 15,000 | N.A. |
| FY 1973 Excess Revenues - PL13-18 | 908,000 | 1,237,000 | N.A. |
| FY 1973 Excess Revenues - PL13-21 | 232,000 | 47,000 | N.A. |
| FY 1973 Excess Revenues - PL13-27 | N.A. | 100,000 | N.A. |
| FY 1972 Excess Revenues - PL13-36 | N.A. | 24,000 3/ | N.A. |
| FY 1973 Excess Revenues - PL13-36 | N.A. | 1,680,000 4/ | N.A. |
| FY 1974 Excess Revenues - PL13-36 | N.A. | 132,000 | N.A. |
| FY 1972 Excess Revenues - PL13-44 | N.A. | 201,000 5/ | N.A. |
| FY 1973 Excess Revenues - PL13-44 | N.A. | 70,000 6/ | N.A. |
| FY 1974 Excess Revenues - PL13-44 | N.A. | 1,812,000 7/ | N.A. |
| Total Appropriated Funds | 24,866,000 | 30,695,000 | 31,290,000 |
| Federal Grants | | | |
| Received and Anticipated | 5,545,000 | 6,034,000 | 6,459,000 |
| Total Appropriations & Grants | 30,411,000 | 36,729,000 | 37,749,000 |

1/ PL 12-68

2/ Appropriating legislation not yet enacted

3/ Reprogrammed from appropriations (PL 12-57) for FY 1973

4/ Includes reprogrammed funds of $374,000 previously appropriated as part of basic local budget for FY 1973

5/ Includes reprogrammed funds of $64,000 previously appropriated (PL 12-57) for use in FY 1973

6/ Reprogrammed from appropriations (PL 13-21) for FY 1973

7/ Includes reprogrammed funds of $58,000 previously appropriated (PL 13-18 & 13-36) for use in FY 1974

GOVERNMENT OF AMERICAN SAMOA
PROGRAM DISTRIBUTION SUMMARY1/

| | | | | | Sources of FY1975 Funds | |
|---|---|---|---|---|---|---|
| | Approved FY 1973 | Approved FY 1974 | Proposed FY 1975 | Over (+) Or Under (-) FY 1974 | Interior Budget Authority | Local Revenue Approp. |
| **Direct Appropriations** | | | | | | |
| Governor's Office | 348,000 | 365,000 | 391,000 | + 26,000 | 320,000 | 71,000 |
| Judiciary | 264,000 | 314,000 | 356,000 | + 42,000 | 356,000 | -0- |
| Total Appropriations | 612,000 | 679,000 | 747,000 | + 68,000 | 676,000 | 71,000 |
| **Interior Grant-in-Aid** | | | | | | |
| 1. Education & Culture | | | | | | |
| Department of Education | 5,996,000 | 6,835,000 | 7,396,000 | + 561,000 | 6,400,000 | 996,000 |
| Museum & Arts Council | 9,000 | 30,000 | 31,000 | + 1,000 | -0- | 31,000 |
| | 6,005,000 | 6,865,000 | 7,427,000 | + 562,000 | 6,400,000 | 1,027,000 |
| 2. Health Services | | | | | | |
| Department of Medical Services | 3,188,000 | 3,463,000 | 3,835,000 | + 372,000 | 3,300,000 | 535,000 |
| 3. Economic Development | | | | | | |
| Department of Agriculture | 502,000 | 629,000 | 640,000 | + 11,000 | -0- | 640,000 |
| Development Planning Office | 73,000 | 85,000 | 74,000 | - 11,000 | -0- | 74,000 |
| Office of Marine Resources | 61,000 | 91,000 | 61,000 | - 30,000 | -0- | 61,000 |
| | 636,000 | 805,000 | 775,000 | - 30,000 | -0- | 775,000 |
| 4. Transportation, Communications & Power | | | | | | |
| Department of Port Administration | 652,000 | 883,000 | 260,000 | - 623,000 | -0- | 260,000 |
| Marine Railway | 10,000 | 53,000 | -0- | - 53,000 | -0- | -0- |
| Communications Office | 4,000 | 23,000 | -0- | - 23,000 | -0- | -0- |
| Electric Utility | 7,000 | 39,000 | -0- | - 39,000 | -0- | -0- |
| | 673,000 | 998,000 | 260,000 | - 738,000 | -0- | 260,000 |

|  |  | Approved FY 1973 | Approved FY 1974 | Proposed FY 1975 | Over (+) Or Under (-) FY 1974 | Sources of FY 1975 Funds: Interior Budget Authority | Sources of FY 1975 Funds: Local Revenue Approp. |
|---|---|---|---|---|---|---|---|
| 5. | General Government |  |  |  |  |  |  |
|  | Department of Admin. Services | 1,131,000 | 1,940,000 2/ | 2,521,000 | + 581,000 | 1,921,000 | 600,000 |
|  | Audit Office | 51,000 | 78,000 | 82,000 | + 4,000 | -0- | 82,000 |
|  | Department of Legal Affairs | 275,000 | 296,000 | 327,000 | + 31,000 | 327,000 | -0- |
|  | Legislature | 552,000 | 773,000 | 784,000 | + 11,000 | -0- | 784,000 |
|  | Local Government | 223,000 | 226,000 | 233,000 | + 7,000 | -0- | 233,000 |
|  | Local Judicial | 48,000 | 60,000 | 60,000 | -0- | -0- | 60,000 |
|  | Department of Manpower Resources | 288,000 | 333,000 | 298,000 | - 35,000 | -0- | 298,000 |
|  | Public Defender's Office | 39,000 | 42,000 | 59,000 | + 17,000 | -0- | 59,000 |
|  | Department of Public Works | 2,160,000 | 3,358,000 3/ | 3,599,000 | + 241,000 | 1,376,000 | 2,223,000 |
|  | Office of Samoan Information | 142,000 | 195,000 | 107,000 | - 88,000 | -0- | 107,000 |
|  |  | 4,909,000 | 7,301,000 | 8,070,000 | + 769,000 | 3,624,000 | 4,446,000 |
| 6. | Public Safety |  |  |  |  |  |  |
|  | Department of Public Safety | 762,000 | 912,000 | 1,033,000 | + 121,000 | -0- | 1,033,000 |
| 7. | Capital Improvements | 7,529,000 | 7,599,000 | 6,643,000 | - 956,000 | -0- | 6,643,000 |
| 8. | Special Programs | -0- | 750,000 | 1,500,000 4/ | + 750,000 | -0- | 1,500,000 |
| 9. | Grant Match Fund | 552,000 | 1,323,000 | 1,000,000 | - 323,000 | -0- | 1,000,000 |
|  | TOTALS | 24,866,000 | 30,695,000 5/ | 31,290,000 | + 595,000 | 14,000,000 | 17,290,000 6/ |

1/ Distributions do not include Federal grant funds other than the DOI grant-in-aid

2/ Includes $114,000 transferred from CIP appropriations to budget directly activities previously financed by overhead charges to construction projects

3/ Includes $709,000 transferred from CIP appropriations to budget directly activities previously financed by overhead charges to construction projects

4/ Pay adjustment for Career Service employees ($1,100,000), claims & damages fund ($100,000), small village project contingency fund ($50,000), & added capitalization-development loan fund ($250,000)

5/ Includes reprogrammed funds of $532,000 previously appropriated for FY 1973

6/ Local appropriating legislation not yet enacted

BEST COPY AVAILABLE

### GOVERNMENT OF AMERICAN SAMOA
### ANALYSIS OF INTERIOR BUDGET AUTHORITY
### F.Y. 1974 and 1975

| | FY 1974 | FY 1975 | Increase (+) or Decrease (-) over FY 1974 |
|---|---|---|---|
| Direct Appropriations | | | |
| Governor's Office | $284,000 | $320,000 | $+36,000 |
| Chief Justice & High Court | 272,000 | 356,000 | +84,000 |
| Total | 556,000 | 676,000 | +120,000 |
| Grants - Operations: | | | |
| Department of Education | 6,000,000 | 6,400,000 | +400,000 |
| Medical Services | 3,000,000 | 3,300,000 | +200,000 |
| Legal Affairs | 200,000 | 327,000 | +127,000 |
| Manpower Resources | 147,000 | -0- | -147,000 |
| Public Works | -0- | 1,376,000 | +1,376,000 |
| Administrative Services | 1,426,000 | 1,921,000 | +495,000 |
| Sub-Total | 10,873,000 | 13,324,000 | +2,451,000 |
| Grants - Construction: | | | |
| Education Facilities | 721,000 | -0- | -721,000 |
| Health Facilities | 1,200,000 | -0- | - 1,200,000 |
| Transportation, Communications, and Power | 350,000 | -0- | -350,000 |
| Advance Planning; A&E Design | 300,000 | -0- | -300,000 |
| Sub-Total | 2,571,000 | -0- | -2,571,000 |
| Total Direct | 556,000 | 676,000 | +120,000 |
| Total Grants | 13,444,000 | 13,324,000 | -120,000 |
| Total Interior Budget Authority | 14,000,000 | 14,000,000 | -0- |

### GOVERNMENT OF AMERICAN SAMOA
### INTERIOR BUDGET AUTHORITY
### SUMMARY OF USE OF FUNDS

| | Approved FY 1973 | Approved FY 1974 | Proposed FY 1975 |
|---|---|---|---|
| OPERATIONS: | | | |
| Education & Culture | | | |
| Education | 5,620,000 | 6,000,000 | 6,400,000 |
| Health Services | | | |
| Medical Services | 1,123,000 | 3,100,000 | 3,300,000 |
| Economic Development | | | |
| Agriculture | 200,000 | -0- | -0- |
| General Government | | | |
| Governor's Office | 272,000 | 284,000 | 320,000 |
| Judiciary | 248,000 | 272,000 | 356,000 |
| Administrative Services | 372,000 | 1,426,000 | 1,921,000 |
| Audit Office | 36,000 | -0- | -0- |
| Legal Affairs | 90,000 | 200,000 | 327,000 |
| Manpower Resources | 100,000 | 147,000 | -0- |
| Public Works | 1,810,000 | -0- | 1,376,000 |
| Public Safety | | | |
| Public Safety | 583,000 | -0- | -0- |
| Total-Operations | 10,454,000 | 11,429,000 | 14,000,000 |
| CAPITAL IMPROVEMENTS | | | |
| Education & Cultural Facilities | 649,000 | 721,000 | -0- |
| Health Facilities | 1,040,000 | 1,200,000 | -0- |
| Economic Development | 50,000 | -0- | -0- |
| Conservation & Environment | 120,000 | -0- | -0- |
| Trans., Communications, Power | 2,300,000 | 350,000 | -0- |
| General Government | 32,000 | -0- | -0- |
| Public Safety | 385,000 | -0- | -0- |
| Advance Planning; A&E Design | -0- | 300,000 | -0- |
| Totals-Capital Improvements | 4,576,000 | 2,571,000 | -0- |
| Totals-All GAS | 15,030,000 | 14,000,000 | 14,000,000 |

GOVERNOR'S OFFICE

FY 1974 $284 thousand; FY 1975 $320 thousand; Increase $36 thousand. This activity is financed jointly by Interior Budget Authority and local appropriations as shown below:

| | Approved FY 1974 | Proposed FY 1975 | Increase (+) Decrease (-) |
|---|---|---|---|
| Interior Budget Authority* | 284,000 | 320,000 | +36,000 |
| Local Basic Appropriation | 35,000 | 63,000 | +28,000 |
| Local Excess Revenues Appropriations | 30,000 | -0- | -30,000 |
| Totals | 349,000 | 383,000 | +34,000 |

(*Direct Congressional Appropriation)

The net increase of $34 thousand over FY 1974 consists of:

Increase (+) or Decrease (-)

| Category | Amount | Position | Total Program | Total Position | Explanation |
|---|---|---|---|---|---|
| (1) | +24,000 | -1 USCS<br>+1 USCS<br>+1 Local<br>-1 Contr. | 283,000 | 5 USCS<br>12 Local | Addition of 2 new positions & normal step increases |
| (2) | + 5,000 | | 40,000 | | Home leave travel for USCS employees & official trips to U.S. |
| (3) | - 5,000 | | 19,000 | | Cost of services for Constitutional Revision Committee ended in FY 1974. |
| (4) | -0- | | 2,000 | | No change |
| (5) | + 4,000 | | 14,000 | | Increased use of office supplies, machine supplies & postage. |
| (6) | + 6,000 | | 25,000 | | Increased usage of motor pool & communications based on actual FY1973 expenditures. |
| | 34,000 | -1 USCS<br>+1 USCS<br>+1 Local<br>-1 Contr. | 383,000 | 5 USCS<br>12 Local | |

Explanation of Changes

(1) Personal Services; $24 thousand increase

A Samoan Management Intern who is serving in the Department of the Interior, Office of the Territorial Affairs in Washington, D. C. is budgeted for the first time in the basic budget at $13 thousand. This position was first established in the Governor's Office in FY1973 and funded by local excess revenue appropriation in FY1974. The ecologist position is transferred from direct appropriation to funding by an EPA Federal grant in FY1975. An assistant to the Governor for financial management is budgeted for the first time in FY 1975. This position is filled by a US Civil Service employee of the Agency for International Development and is 25% funded by AID. One GS-4 USCS Secretary position budgeted in FY1974 is dropped in FY1975. Normal step increases make up the remainder of the requirement for personnel services budget.

(2) Travel; $5 thousand increase: Increased travel is due to increase in staff including travel for the management intern program, official trips to the United States and other areas of the South Pacific and home leave cost for U.S. Civil Service employees.

(3) Contractual Services; $5 thousand decrease: Decrease is due to the completion of delegate per diem & cost of clerical services for the committee appointed in FY 1973 to recommend revisions to the Constitution of the Government of American Samoa. The committee completed its work in FY1974.

(4) Equipment (Small Capital Items); no change: Normal equipment replacement only in FY1975.

(5) Materials & Supplies; $4 thousand increase: Materials and Supplies were underbudgeted in prior years. Estimate is based on actual expenditures in FY1973. Additional supplies and maintenance materials for a new photocopy machine acquired in FY1974.

(6) All Other Costs; $6 thousand increase: Items requiring increases in this category includes $1 thousand for transportation of things, $2 thousand for printing, $1 thousand for telephone and communication costs, and $2 thousand for motor pool. Except for transportation of things, all other items were underbudgeted in Fiscal Year 1973. Estimates are based on actual cost.

### Governor's Office Program

| Activity | Approved FY 1974 | Estimate FY 1975 | Increase(+) Decrease(-) |
|---|---|---|---|
| a. Executive | 299,000 | 353,000 | +54,000 |
| b. Veterans Affairs Office | 22,000 | 21,000 | - 1,000 |
| c. Boards & Commissions | 19,000 | 9,000 | -10,000 |
| d. Constitutional Revision Comm. | 9,000 | -0- | - 9,000 |
| Totals | 349,000 | 383,000 | +34,000 |

The objective of the Governor's Office is to provide executive direction over the planning, organization, and control of all GAS functions to insure that public services are provided in the most efficient manner possible.

### a. Executive

A total of $353 thousand is needed for FY1975, an increase of $54 thousand, or 18% over FY1974.

This activity is responsible for providing executive leadership, establishing policies, administering and coordinating all operations of the Executive branch of the Government of American Samoa. A management intern program was initiated in 1973 with the assistance of the Office of Territorial Affairs in Washington D. C. to send a samoan to work in the Department of the Interior on an annual basis. The program is to provide an opportunity to acquaint Samoans with procedures of the Federal Government. It is planned to continue this program into FY 1975.

### b. Veteran Affairs Office

A total of $21 thousand is needed for this activity in FY 1975, a decrease of $1 thousand or 5% under FY 1974.

This activity was established in later FY 1972 to handle all affairs pertaining to Veterans in American Samoa. This includes assisting veterans, veterans widows and veterans orphans applying for benefit checks; visiting disabled veterans, arranging burial for deceased veterans and informing veterans of their rights on current and latest Federal legislation.

### c. Boards and Commissions

A total of $9 thousand is needed for this activity in FY 1975, a decrease of $10 thousand or 53% under FY 1974.

Executive Boards and Commissions function to help decide issues, make inspections, hold hearings, set rules and regulations, and provide information and services for the Government and the public. Specific Boards and Commission which have budget needs are Alcoholic Beverages Control Board, the Land Commission, the Commission on Arts and Humanities and the Beautification Committee.

The decrease in funding required is explained by a non-recurring local appropriation of $4,000 in FY 1974 for the expenses of the Gubernatorial Study Commission. The remaining $6,000 in decrease reflects the fact that this fund was budgeted in excess of actual need in FY 1974.

## JUDICIARY (CHIEF JUSTICE & HIGH COURT)

FY 1974 $272 thousand; FY 1975 $356 thousand; Increase $84 thousand. This activity will be financed solely by the Interior Budget Authority in FY 1975 as shown below:

|  | Approved FY 1974 | Proposed FY 1975 | Increase (+) Decrease (-) |
|---|---|---|---|
| Interior Budget Authority* | 272,000 | 356,000 | +84,000 |
| Local Excess Revenue Appropriation | 13,000 | -0- | -13,000 |
| Totals | 285,000 | 356,000 | +71,000 |

(*Direct Congressional Appropriation)

The net increase of $71 thousand over FY 1975 consists of:

Increase (+) or Decrease (-)

| Category | Amount | Positions | Total Program | Total Positions | Explanation |
|---|---|---|---|---|---|
| (1) | +33,000 | +2 Local | 241,000 | 4 USCS<br>2 Contr.<br>11 Local | Addition of 2 new positions & regular step increases. |
| (2) | - 5,000 |  | 18,000 |  | Reduction is in line with government policy to reduce travel. |
| (3) | +37,000 |  | 57,000 |  | Increase contractual services for editing & publishing decisions of the H.C. since 1900. |
| (4) | + 2,000 |  | 8,000 |  | New equipments & up-dating the law library. |
| (5) | -0- |  | 4,000 |  | No change |
| (6) | + 4,000 |  | 28,000 |  | Increased cost of electricity, printing & transportation of household effects. |
|  | +71,000 | +2 local | 356,000 | 4 USCS<br>2 Contract<br>11 Local |  |

Note: FY 1974 sub-program allocations for personnel services, travel and miscellaneous expenses do not agree with FY 1974 Budget Justifications because of redistribution of funds among these object classes.

## Explanation of Changes

(1) Personal Services; $33 thousand increase

Two additional employees already on the payroll are now budgeted for the first time for $9 thousand. The other $24 thousand will cover regular step increases for existing employees.

(2) Travel; $5 thousand decrease

Only one civil service employee will be eligible for home leave in FY1975 Other travel will cover transportation of contract employees to Samoa and back to place of recruitment on a one-year contract. Amount of travel budgeted is decreased to a minimum in line with a GAS policy to reduce travel.

(3) Contractual Services; $37 thousand increase

For the first time decisions of the High Court of American Samoa will be published for public references and will be preserved as a part of Samoan history. Preparation and publishing of the first three volumes will cost $44 thousand. At the end of FY 1976 all opinions of the High Court should be in digest form for 1900 through 1976. Other services include building maintenance, pest control, janitorial services, and maintenance of office equipment.

(4) Equipment; $2 thousand increase

Extensive remodelling of the Court House will take place in FY 1974. New equipment will be purchased as the need arises. Also a continuing program to add to and update the law library in the Court House is planned.

(5) Materials & Supplies, no change

No increase in materials and supplies is anticipated in FY 1975.

(6) All Other Cost; $4 thousand increase

Electric Utility cost will increase by $1 thousand due to increase in space of office renovation; cost of transportation of household effects for contract employees after one year contract will increase by $1 thousand; printing of Rules of Court, Rules of Discipline, newsletters, etc. will account for $2 thousand increase. Other miscellaneous items require the same level as FY 1974.

## Judiciary Program

The objective of the Judiciary:

To provide for the efficient and orderly conduct of the judicial system and the continuing improvement of the administration of justice in American Samoa.

This activity is responsible for the administration of all elements of the judicial system in American Samoa. The judicial system of American Samoa consists of the High Court and Village courts established to handle law enforcement particularly to deal with juvenile offenders. The High Court has jurisdiction within the entire Territory including Civil, Criminal, Appellate, Lands and Titles, Traffic and small claims.

The Court Divisions and their respective cases handled are as follows:

Trial Division - Criminal and civil cases.

Land & Titles Division - Land cases, high title (Matai or Chief) cases.

Appellate Division - Hears appeals from criminal, civil, and lands & title cases.

Traffic Court - Traffic cases.

Village Courts - Through village Magistrates, rules and law set down by the village councils and enforced by the village courts.

Probate Division - The probate of wills and intestacy proceedings, the appointment of legal guardian for incompetents or minors; the appointment of trustees.

Probation Officer - Serves in dual role of probation officer and of pre-sentence investigation officer.

The actual and estimated case loads are as follows:

| | Actual FY1973 | Estimate FY1974 | Estimate FY1975 | FY74-75 % Change |
|---|---|---|---|---|
| Civil and Land & Title Cases | 900 | 1,250 | 1,700 | +36% |
| Appellate Cases | 90 | 130 | 175 | +35% |
| Probate Cases | 10 | 12 | 15 | +25% |
| Juvenile Cases | 15 | 25 | 40 | +60% |
| Traffic Cases | 3,000 | 4,500 | 6,000 | +33% |
| Small Claims | 125 | 150 | 200 | +33% |

EDUCATION DEPARTMENT

FY 1974 $6,000 thousand; FY 1975 $6,400 thousand; increase $400 thousand. This activity is financed jointly by Interior Budget Authority and local revenues as shown below:

| | Approved FY1974 | Proposed FY1975 | Increase (+) Decrease (-) |
|---|---|---|---|
| Interior Budget Authority | 6,000,000 | 6,400,000 | +400,000 |
| Local Basic Appropriation | 495,000 | 871,000 | +376,000 |
| Local Excess Revenues Appropriations | 290,000 | -0- | -290,000 |
| Totals | 6,785,000 | 7,271,000 | +486,000 |

The increase of $486 thousand net from FY 1974 consists of:

Increase (+) or Decrease (-)

| Category | Amount | Positions | Total Programs | Total Positions | Explanation |
|---|---|---|---|---|---|
| (1) | +350,000 | -6 Contr.<br>+16 Local | 5,299,000 | 72 Contr.<br>994 Local | Normal salary increase. |
| (2) | - 15,000 | | 95,000 | | Less travel due to decrease in new contract employees. |
| (3) | + 22,000 | | 229,000 | | Increase funding for U. of Hawaii contract. |
| (4) | + 28,000 | | 228,000 | | TV equipment replacement. |
| (5) | + 4,000 | | 646,000 | | Increased materials & supplies. |
| (6) | + 97,000 | | 844,000 | | Maintenance, moving expense, & alterations -new Community College |
| | +486,000 | -6 Contr.<br>16 Local | 7,271,000 | 72 Contr.<br>994 Local | |

Explanation of Changes

(1) Personal Services: $350 thousand increase: Normal salary increments, plus upward restructing of Department of Education wage scales effective July 1, 1973 and partially financed in FY 1974 by an excess local revenue appropriation. Cost of added local hire personnel offset by decrease in contract employees.

(2) Travel; $15 thousand decrease: Significant decreases in the number of new contract employees to be added in FY1975 cuts the need for employee travel costs in the Business Office, TV Engineering, Community College & Secondary Education Office. Travel costs are also reduced by an Executive policy announced in FY'74 requiring better justification for all travel.

(3) Contractual Services; $22 thousand increase: The normal increase in contract services for maintenance of office equipment is offset by decreases in cost of contract services for maintenance of school facilities & classroom furniture. These are now fully budgeted services provided by the Public Works Department and by the Department of Education maintenance staff respectively. The Major increases in contract services are caused by an increase of $5,000 in the appropriation funding for a continuing contract with the University of Hawaii for consultant services, and increases in costs of TV engineering by $+9,000, rental of films for evening TV by $+3,000 and IBM equipment rented by the Community College $+6,000.

(4) Equipment; $28 thousand increase: An increase of $81,000 for TV transmitter and studio equipment is partially offset by decreases in equipment requirements for elementary & secondary schools, since fewer new schools will open in FY1975.

(5) Material and Supplies; $4 thousand increase: Increase due to requirement for more supplies and textbooks for growing student population. Added janitorial supplies are also needed for additional school facilities.

(6) All Other Costs; $97 thousand increase: The large increase is primarily due to the anticipated purchase of Mapusaga High School from the LDS Church for use as the new Community College. Approximately $150,000 is needed for maintenance of the facilities and campus, costs of moving equipment and supplies to the new campus, and minor alterations to the facilities. Reductions in other miscellaneous needs partially offset the increase.

Education Programs

| | Approved FY1974 | Proposed FY1975 | Increase (+) Decrease (-) |
|---|---|---|---|
| a. Administration | 193,000 | 202,000 | + 9,000 |
| b. Business Services | 136,000 | 72,000 | - 64,000 |
| c. Maintenance | 27,000 | 22,000 | - 5,000 |
| d. Warehouse | 26,000 | 26,000 | -0- |
| e. Television Services | 1,690,000 | 1,809,000 | +119,000 |
| f. Community College | 524,000 | 718,000 | +194,000 |
| g. Early Childhood Education | 265,000 | 278,000 | + 13,000 |
| h. Elementary Instruction | 1,895,000 | 1,990,000 | + 95,000 |
| i. Secondary Instruction | 886,000 | 939,000 | + 53,000 |
| j. Support Services | 937,000 | 1,011,000 | + 74,000 |
| k. Publications | 70,000 | 62,000 | - 80,000 |
| i. Transportation | 136,000 | 142,000 | + 6,000 |
| Totals | 6,785,000 | 7,271,000 | +486,000 |

The objective of the Department of Education is to assist each person to reach his fullest potential as a unique individual. $7,271 thousand is needed in FY1975 for operations, a 7% increase over FY 1974.

a. Administration

A total of $202 thousand is required for Education Administration, an increase of $9 thousand, or 5% over FY'74.

The responsibility of this activity is coordination and administration of the entire public school system. The increase in this activity is for contractual services with the University of Hawaii for teacher inservice training, plus air fare to the U. S. mainland for an estimated 10 high school students on National Science Foundation student scholarships.

b. Business Services

A total of $72 thousand is needed for FY 1975, a decrease of $64 thousand, or 4%, under FY 1974.

This activity provides business and administration support services throughout the Department of Education.

The decrease in this activity is explained by the elimination of the Federal Grant Coordinator and three craft positions, reduction in computer services charges, prorating of repairs to air conditioners and office equipment to using accounts, and the elimination of the need for off-island travel.

Representative measures of the workload for this activity are as follows:

| | |
|---|---|
| Travel requests processed | 500 |
| Personnel actions & level requests processed | 5,000 |
| Purchase requests logged & processed | 3,500 |
| Certify Invoices for payment | 250 |

c. Maintenance

A total of $22 thousand is required for FY 1975, a decrease of $5 thousand, or 19%, from FY 1974.

This activity is responsible for the maintenance of classroom furniture, school equipment and minor building repairs.

Approximately 300 requests for services are answered annually.

d. Warehouse

A total of $26 thousand is needed for FY 1975, no change from FY 1974.

This activity is responsible for storage, issuance, and delivery of instructional and operational supplies, equipment, and materials for the entire school system.

e. Television Services

A total of $1,809 thousand is required for FY 1975, an increase of $119 thousand, or 7%, over FY 1974.

Television services is composed of the following functions:

1. INSTRUCTIONAL TELEVISION provides instructional resources and professional assistance including teachers' guides, student booklets,

worksheets, a variety of audio-visual learning aids, and telecasts to elementary and secondary schools. The proposed budget is $463 thousand, a 2% increase over FY 1974. The major increase is due primarily to normal salary increases plus an increase in cost of materials and supplies for purchasing films, video tape and printed materials for the Research Library which is available to all schools on the Island.

2. TELEVISION PRODUCTION is responsible for the production of all locally produced television programs, both for the instructional school program and for evening and weekend Community TV.

   The proposed budget for this activity in FY 1976 is $430 thousand, an increase of $20 thousand, or 5% over FY 1974. The increase is for normal salary increments.

   Selected measure of workload are:

| | Actual FY1973 | Estimated FY1974 | Projected FY1975 | FY74-75 % Change |
|---|---|---|---|---|
| ITV courses in produc. | 37 | 41 | 43 | +5% |
| CTV program in produc. | 9 | 10 | 11 | +1% |
| Broadcast hours in produc. | 2,208 | 2,420 | 2,578 | +7% |
| Photo request compl. | 4,055 | 5,000 | 6,700 | +34% |
| Graphics request completed | 6,210 | 8,000 | 10,000 | +25% |
| Hours production per program | 1.5 | 2.0 | 2.5 | +25% |

3. TELEVISION ENGINEERING is responsible for the operation and maintenance of all technical equipment utilized in the production and transmission of television programs.

   The proposed budget for this activity in FY 1975 is $740 thousand, an increase of $72 thousand, or 11% over FY 1974. The major increase is for replacement of television equipment and for 3 additional positions in FY 1975.

4. COMMUNITY TELEVISION is responsible for producing, purchasing and scheduling all television programs for the community at large i.e. outside the school system. An amount of $178 thousand is required for this activity in FY 1975, an increase of $18 thousand, or 11%, over FY 1974. The primary increase is for personal services, i.e. the adding of the station manager's and secretary's salary which were divided equally among other TV Budgets in FY 1974. Overtime pay is also budgeted for the first time in FY 1975.

f. Community College

A total of $718 thousand is needed for FY 1975, an increase of $194 thousand, or 37% over FY 1974.

This activity is responsible for providing higher educational opportunities in the following areas of education:

1. Adult and continuing education
2. Manpower training, Vocational Education, and Adult Basic Education
3. Teachers pre-service education

4. Inservice teacher education programs, including facilitating the University of Hawaii and Brigham Young University summer programs.
5. A two-year college transfer program
6. Single course and certificate programs to meet the needs of the community.

The increase for FY1975 consists of the normal salary increases, the addition of 4 new positions to manage the anticipated increased student enrollment, and $150,000 for transition of the Community College to new facilities and the maintenance of those new facilities.

Selected measures of the workload are as follows:

| | Actual FY1973 | Estimated FY1974 | Projected FY1975 | FY 74-75 % Change |
|---|---|---|---|---|
| No. of AA Teacher degrees awarded | 14 | 16 | 20 | +25% |
| Courses offered for Nurses trainees | 2 | 2 | 2 | 0 |
| ADP Keypunch operators trained | 20 | 20 | 20 | 0 |
| Business Education Courses offered | 30 | 35 | 40 | +14% |
| Vocational Day Courses offered | 15 | 15 | 20 | +33% |
| Afternoon and Evening Courses for Semi-Skilled persons | 100 | 125 | 150 | +20% |

g. Early Childhood Education

A total of $278 thousand is needed for FY 1975, an increase of $13 thousand, or 5% over FY 1974.

The objective of this activity is to stimulate intellectual development and foster physical, social and emotional growth of Samoan children under the age of 6 by providing learning materials and conducting continuing teacher training for Samoans to staff village ECE centers.

The increase in budget is attributed entirely to wage increases and the addition of one (1) new position required to manage a large enrollment.

h. Elementary Instruction

A total of $1,990 thousand is required for FY 1975, an increase of $95 thousand, or 5% over FY 1974.

This activity is responsible for educating all public school elementary level children and to continually improve ongoing inservice teacher training for professional growth of the teaching staff.

The scope of the elementary schools system is indicated below:

| | Actual FY1973 | Estimate FY1974 | Projected FY1975 | FY74-75 % Change |
|---|---|---|---|---|
| Enrollment | 5,931 | 6,178 | 6,422 | +4% |
| Number of schools | 28 | 28 | 28 | |
| Employees | 328 | 359 | 364 | +1% |

The increase in enrollment will necessitate 6 additional classroom teachers at a cost of $45 thousand. Normal salary increases and more supplies and materials needs account for the remainder of the total increase.

i. Secondary Instruction

The proposed FY 1975 budget is $939 thousand, an increase of $53 thousand, or 6%, over FY 1974.

This activity is responsible for the education of all secondary public school students. The continuing goals of secondary education are to assure greater responsibility in the delivery of instructional programs by classroom teachers, to provide closer supervision and involvement of teachers in curriculum planning, to implement and improve physical education and athletic programs for students, and to provide educational and vocational counseling.

In FY 1975, the majority of the increase consists of normal salary increases, more textbooks in classrooms, and increased amounts of materials and supplies for the growing student population. The student growth is as follows:

| | Actual FY1973 | Estimated FY1974 | Projected FY1975 | FY74-75 % Change |
|---|---|---|---|---|
| High school students | 2,114 | 2,400 | 2,600 | 8% |
| H.S. Graduates | 376 | 450 | 500 | 11% |

j. Support Services

A total of $1,010 thousand is required for FY 1975, an increase of $173 thousand, or 21%, over FY 1974.

Support Services consist of the following:

1. OFFICE OF TEST AND MEASUREMENT is responsible for assessing the effectiveness of various educational programs and to develop structured tests and other measures that are normed on the Samoan student population. This office further is charged with developing program to construe and better utilize assessment data, of the total $74 thousand budget, $54 thousand will be used for personal services, an increase of $12 thousand or 29%, over FY 1974.

Selected measures of workload are as follows:

| | Actual FY1973 | Estimated FY1974 | Projected FY1975 | FY74-75 % Change |
|---|---|---|---|---|
| General Education Development Test Given | 980 | 1,200 | 1,440 | 20% |
| Entrance Test given (SAT, GRE, etc.) | 309 | 350 | 420 | 20% |
| Nursing Exam given & scored | 64 | 75 | 75 | -0- |
| Standardized Achievement Tests | 40 | 3,200 | 3,500 | 10 |
| Curriculum Referenced Tests | 4,878 | 10,000 | 11,000 | 10 |
| Major Summary Research Projects | 3 | 5 | 10 | 100 |

2. LIBRARY SERVICES provides help to both school and public libraries to meet the educational, informational, recreational, and cultural needs of the people of American Samoa. The FY 1975 budget is $191 thousand, an increase of $36 thousand over FY 1974. The major increase is due to normal salary increases and 3 additional positions. Also increases due to shifting of Media Resource Center under Library Services to better provide one source for all materials i.e. print, non-print, and audio visuals to library units and schools. The Media Resource Center activity transfers from federal grants to appropriation budget in FY 1975.

Selected measures are:

| | Actual FY1973 | Estimated FY1974 | Projected FY1975 | FY74-75 % Change |
|---|---|---|---|---|
| Books circulated | 54,518 | 68,000 | 75,000 | +10% |
| Bookmobile stops | 795 | 850 | 1,000 | +18% |
| Books acquired | 17,612 | 15,000 | 18,000 | +20% |

3. FINANCIAL AID is responsible for awarding scholarships to qualified American Samoans. The FY 1975 budget is $341 thousand, an increase of $12 thousand over FY 1974 to cover normal expense growth. The program was significantly expanded in FY 1974 in response to a resolution of the Legislature and the appropriation of $100 thousand of local excess revenues. Approximately 80 students will benefit from this program.

4. HEALTH, PHYSICAL EDUCATION, AND RECREATION activity is responsible for;

   1. Physical Education in the schools
   2. Competitive athletics in the schools
   3. Community recreation program.

   The proposed budget for this activity in FY 1975 is $72 thousand, an increase of $3 thousand over FY 1974. The increase is in constructual services for one professional football and basketball coach to come from Hawaii to conduct sports clinics for athletic directors and local coaches; one track and field and boxing coach from Hawaii to conduct clinics for our sports coaches and recreational leaders and one sports official to conduct officiating clinics for officials and coaches.

5. FOOD SERVICES is responsible for providing hot lunches to 8,600 children and breakfasts to 6,400 children. The total budget needed for FY 1975 is $333 thousand, an increase of $18 thousand over FY 1974, allowing for the salary increments as the only change in the cost of program.

This activity is also supported by additional funds & commodities, provided by USDA programs under the National School Lunch Act.

k. Publication

A total of $62 thousand is required for FY 1975, a decrease of $8 thousand, or 11% under FY 1974.

The responsibility of this activity is to print, bind and deliver lesson plans and other printed materials for the Department of Education. The decrease of 11% in this activity is in equipment costs.

l. Transportation Services

A total of $142 thousand is needed for FY 1975, an increase of $6 thousand, or 4% over FY 1974.

This activity is responsible for providing safe and economical transportation for children in all the public schools in American Samoa. The increase in this activity is due primarily to wage and salary adjustments and increases.

Selected measures of the workload are as follows:

| | Actual FY1973 | Estimated FY1974 | Projected FY1975 | FY74-75 % Change |
|---|---|---|---|---|
| Students transported per day | 5,850 | 5,890 | 6,000 | +2% |
| Special trips per month | 40 | 40 | 60 | +20% |

## HEALTH SERVICES

In FY 1974 $3,100 thousand; FY 1975 $3,300 thousand; increase $200 thousand. This activity is funded jointly by Interior Budget Authority and local revenues as indicated below:

| | Approved FY 1974 | Proposed FY 1975 | Increase (+) Decrease (-) |
|---|---|---|---|
| Interior Budget Authority | 3,100,000 | 3,300,000 | +200,000 |
| Local **Basic Appropriation** | 67,000 | 455,000 | +388,000. |
| Local Excess Revenue Appropriations | 296,000 | -0- | -296,000 |
| Total | 3,463,000 | 3,755,000 | +292,000 |

The substantial net increase of $322 thousand or 9% above FY 1974 consists of:

Increase (+) or Decrease (-)

| Category | Amount | Positions | Total Program | Total Positions | Explanation |
|---|---|---|---|---|---|
| (1) | +192,000 | +2 Contr.<br>+8 Local | 2,792,000 | 31 Contr.<br>401 Local | Salary increases and 10 new positions. |
| (2) | - 1,000 | | 53,000 | | Reduced travel requirement. |
| (3) | + 24,000 | | 85,000 | | Increased cost of Off-Island Care & maintenance of equipment. |
| (4) | - 1,000 | | 5,000 | | No major equipment requirements |
| (5) | + 65,000 | | 644,000 | | Increased cost of drugs & medical supplies. |
| (6) | + 13,000 | | 176,000 | | Increased transport of household goods & utilities. |
| | +292,000 | +2 Contr.<br>+8 Local | 3,755,000 | 31 Contr.<br>401 Local | |

Explanation of Changes

1. Personal Services; $192 thousand increase: Normal salary increments, plus eleven additional positions projected for FY 1975. These new positions are: one bacteriologist and one lab technician to man the Public Health laboratory to handle both the hospital and Public Health bacteriology work. One dental lab technician to do lab work and free the dentists to spend more time with the patients; one hospital engineer to direct and supervise the maintenance program of medical equipment and buildings; two RNs to supervise the medical and surgical services; one associate pharmacists position; two sanitation officers to check incomihg passengers at the airport; one sanitation officer trainee to expand sanitary inspection of Manu'a; one library technician to staff the new medical library. The deletion of the pathologist position will off-set one of the additional positions requeste
2. Travel, $1 thousand decrease: Decrease in travel due to the fact that several Divisions of the Department project less need for travel to the

United States or the Pacific Islands in FY 1975.

3. Contractual Services; $24 thousand increase: Increases in cost of the Off-Island Care Program. This program was created by GAS and instituted as policy for several years to provide off-island medical care for American Nationals and citizens residing in American Samoa whenever adequate facilities for treatment were not available. The cost includes in the program all hospitalization and care as well as any attendant medical costs that are necessary for the patients' well being. Also the cost of repairs and maintenance of office equipment has increased with increasing numbers of equipment items.

5. Materials and Supplies; $65 thousand increase: It is anticipated that the cost of drugs will be greatly increased in FY 1975 and therefore requires additional funds. More supplies are also required to serve the increasing number of facilities when the new Public Health laboratory, chapel, and medical library are completed by FY 1975.

6. Miscellaneous; $13 thousand increase: The increase is due primarily to transportation costs of shipping household effects of contract employees who will terminate their contract in FY 1975 and their replacements. Also anticipates growth in leasing of motor pool vehicles for the departmental use.

MEDICAL SERVICES PROGRAM

| Activity | Approved FY 1974 | Proposed FY 1975 | Increase (+) Decrease (-) |
|---|---|---|---|
| Director's Office | 481,000 | 483,000 | + 2,000 |
| Pharmacy | 232,000 | 275,000 | +43,000 |
| Laboratory | 104,000 | 123,000 | +19,000 |
| Radiology | 74,000 | 70,000 | - 4,000 |
| Dental | 120,000 | 159,000 | +39,000 |
| Laundry | 55,000 | 54,000 | - 1,000 |
| Housekeeping | 85,000 | 85,000 | -0- |
| Nursing Services | 796,000 | 854,000 | +58,000 |
| Nursing Education | 106,000 | 112,000 | + 6,000 |
| Medical & Surgical | 644,000 | 693,000 | +49,000 |
| Food Services | 193,000 | 204,000 | +11,000 |
| Public Health | 353,000 | 381,000 | +28,000 |
| Sanitation | 94,000 | 100,000 | + 6,000 |
| Hospital Maintenance | 126,000 | 162,000 | +36,000 |
| | 3,463,000 | 3,755,000 | +292,000 |

The Objective of Medical Services

To provide the best possible preventive and curative medical services to the people of American Samoa within the constraints of manpower and means.

Director's Office

A total of $483 thousand is needed for FY 1975 an increase of $2 thousand, over FY 1974.

This activity is responsible for the entire management and supervision of all aspects of health services including planning and direction, budget and finance, personnel administration, purchasing, medical supply, medical records, business services, drivers, and guards.

The increase in this activity is due primarily to personal services i.e. wage adjustments and one added local hire employee. Also added supplies, materials and equipment.

Pharmacy

A total of $275 thousand is needed for FY 1975, an increase of $43 thousand or 23% over FY 1974.

This activity is responsible for compounding and dispensing all drugs and pharmaceutical preparations in the hospital for inpatient medications and outpatient prescriptions. It also issues pharmacy-manufactured items to eight Public Health dispensaries in Tutuila, Manu'a, Aunu'u, and Swains Island. Additionally, it sells non-prescription items to the public.

The substantial increase is due upward salary adjustments and one added local hire associate pharmacist. The cost of drugs is increased 22% over FY 1974.

Laboratory

A total of $123 thousand is needed for FY 1975, an increase of $19 thousand or 18% over FY 1974.

This Division performs tests in order to assist the medical staff in making or confirming diagnoses. In FY 1973, this section performed 153,482 tests. It is projected in 1975, that a total of 170,000 tests will be conducted.

The increase of 18% in this activity is due primarily to the addition of one contract bacteriologist and a lab technician in FY 1975. An increase of $4,500 in contractual services with the Pathology Associate-Honolulu, will cover the expected increase in the number of pathology specimens to be analysed.

Radiology

A total of $70 thousand is needed for FY 1975, a decrease of $4 thousand or 6% under FY 1974.

This activity provides diagnostic radiology services required in examination, care and treatment of patients. It also takes chest x-rays for all GAS pre-employment, annual check-ups for food handlers, aliens traveling overseas, and all tests for public health reasons.

Personal services were overbudgeted in FY 1974. A small workload increase of 5% above FY 1974 is anticipated to bring the number of x-ray films taken to approximately 37,000.

Dental Services

A total of $159 thousand is requested for FY 1975, an increase of $39 thousand or 32% over FY 1974.

This activity is responsible for maintaining and improving the dental health of the people of American Samoa, contract personnel and aliens. Provisions are made for all types of dental care except advanced orthodontic treatment and open reduction of facial fractures. 12,250 Dental visits are anticipated.

Additional responsibilities include planning, coordinating and implementing the School Dental Health program financed jointly by federal grant funds of the Comprehensive Health Planning Program and Department of the Interior grant-in-aid.

Laundry

A total of $54 thousand is needed for FY 1975, a decrease of $1 thousand, below FY 1974.

This activity is responsible for collection and laundering of hospital linens and garments. It also sells laundry services to other government and private entities. The decrease reflects a reduction of staff by three laundry workers. This was initiated when the Americana Hotel began processing its own laundry. Approximately 570,000 pieces of laundry will be processed.

Housekeeping

A total of $85 thousand is needed. This is the same funding as FY 1974.

This Division is responsible for maintaining the hospital and public health facilities in a clean, sanitary and attractive condition as essential to medical and nursing care of patients. Regularly scheduled cleaning program are maintained throughout the Medical Services complex. Patient care areas, intensive care units, surgical suits, and other specialized areas require an especially high level of snaitation and sterilization.

Two shifts provide services to the medical complex from 7:00 a.m. to 12:00 midnight, seven days a week and including holidays. Supplies and materials will increase by $3 thousand due to additional facilities to be cleaned in FY 1975. These are the chapel, new public health office building, public health lab, OB-GYN clinic, library, and medical supply bulk storage. These new facilities will be constructed with Hill-Burton funding and will increase the total health facilities to 129,000 sq. ft.

Food Services

A total of $204 thousand is needed for FY 1975, an increase of $11 thousand, or 6%, over FY 1974.

This Division plans, prepares and serves nutritious and appetizing food for patients and hospital personnel. It also provides special diets essential to treatment of patients under the direction of the medical staff. They will prepare and serve 140 thousand regular, 31 thousand special diets, and 125 thousand snacks in FY 1975. The present staff is considered adequate to handle the anticipated increase, but an additional $24 thousand is needed for additional supplies and materials.

Hospital Maintenance

A total of $162 thousand is needed for FY 1975, an increase of $36 thousand, 21%, over FY 1974.

This Division is responsible for maintenance of buildings, grounds, and equipment. It is also responsible for upkeep of the dispensaries. The majority of increase is for normal salary increases, and the addition of one new contract employee. A $6 thousand increase in supplies and materials is also required.

## Nursing Education

A total of $112 thousand is needed for FY 1975, an increase of $6 thousand, or 6%, over FY 1974.

Nursing Education provides professional education for student nurses.

Forty-six students will be trained in FY 1975. The present staff is adequate to provide the desired faculty/student ratio of 1 to 6. The increase in personal service costs is due to annual wage increments.

## Medical & Surgical

A total of $693 thousand is required for FY 1975, an increase of $49 thousand, or 8% over FY 1974.

This activity supports all doctors plus one surgical technician. It also funds all off-island medical care. Off-island care is provided at Tripler Army Medical Center, Honolulu, under an agreement with the U. S. Army which provides these services at a low cost to the GAS.

No added staff are requested. The pathologist position will be deleted in FY1975 The increase in cost reflects normal salary increases and an additional $20,000 for off-island medical services.
Indicators of workload are as follows:

| | Actual FY1973 | Estimated FY1974 | Projected FY1975 | FY74-75 % Change |
|---|---|---|---|---|
| Outpatient visits | 116,120 | 125,000 | 131,000 | +5% |
| Discharge patient days | 33,348 | 34,700 | 35,500 | +2% |

## Public Health

A total of $381 thousand is needed for FY 1975, an increase of $28 thousand, or 8% over FY 1974.

This activity provides preventative health services and health education. The majority of the increase is for normal salary increments and two additional clerk-typists which were budgeted under federal grants in FY 1974.

Selected workload measures are:

| | Actual FY1973 | Estimated FY1974 | Projected FY1975 | FY74-75 % Change |
|---|---|---|---|---|
| No. of treatment given by PH nurses | 120,000 | 126,000 | 150,000 | +19% |
| No. of birth attended | 26 | 10 | 5 | -50% |
| No. of inpatients cared for | 120 | 130 | 150 | +15% |
| No. of immunization given | 17,000 | 20,000 | 35,000 | +75% |
| No. of visits to people at home | 21,000 | 23,000 | 25,000 | + 9% |
| No. of treatment and examination of school children | 70,000 | 75,000 | 80,000 | + 7% |

## Sanitation

A total of $100 thousand is needed for FY 1975, an increase of $6 thousand, or 6%, over FY 1974.

This activity is responsible for the control of the sanitary condition of the community. Personal services are increased by normal salary increments and two added snaitation officers for the airport. These two officers were previously paid under the airport revolving fund and will transfer to this account in FY 1975. One sanitation officer trainee is also added for sanitary inspections in the Manu'a Islands.

Selected workload measures are:

| | Actual FY1973 | Estimated FY1974 | Projected FY1975 | FY74-75 % Change |
|---|---|---|---|---|
| No. of premises inspected | 29,650 | 31,000 | 32,000 | +3% |
| Inspections of food establishments | 7,682 | 8,000 | 8,500 | +6% |
| Ships and aircrafts granted sanitary clearance | 2,779 | 3,000 | 3,300 | +10% |
| School inspections | 1,590 | 2,000 | 2,200 | +10% |
| Stray animals caught | 1,381 | 1,500 | 1,550 | +3% |
| Citations issued | 363 | 400 | 400 | |
| Building visits for rat control | 1,612 | 2,000 | 2,200 | +10% |

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## ADMINISTRATIVE SERVICES

FY 1974 $1,426 thousand; FY 1975 $1,921 thousand; increase $495 thousand. This activity was funded jointly by Interior Budget Authority and local revenues during FY 1974. FY 1975 program is funded entirely by Interior Budget Authority as shown below:

| | Approved FY 1974 | Proposed FY 1975 | Increase (+) Decrease (-) |
|---|---|---|---|
| Interior Budget Authority | $1,426,000 | 1,921,000 | +495,000 |
| Local Excess Revenue Appropriations | 210,000 | -0- | -210,000 |
| Transfer from CIP Appropriations[1] | 114,000 | -0- | -114,000 |
| Total | $1,750,000 | 1,921,000 | +171,000 |

The net increase of $171 thousand over FY 1974 consists of:

Increase (+) or Decrease (-)

| Category | Amount | Positions | Total Program | Total Positions | Explanation |
|---|---|---|---|---|---|
| (1) | +159,000 | 0 USCS<br>0 Contr.<br>+9 Local | 1,390,000 | 3 USCS<br>11 Contr.<br>180 Local | Added staff & normal salary increases |
| (2) | + 13,000 | | 49,000 | | Contract employee turnover, off-island training, & conference travel |
| (3) | + 1,000 | | 25,000 | | Minor office & storage area renovations |
| (4) | No change | | 71,000 | | Replacement of applicances, household furnishings, office machines, & office equipment to be continued |
| (5) | - 8,000 | | 82,000 | | Reduced materials & supplies requirements anticipated |
| (6) | + 6,000 | | 304,000 | | Electricity usage underestimated in prior years |
| | +171,000 | 0 USCS<br>0 Contr.<br>+9 Local | 1,921,000 | 3 USCS<br>11 Contr.<br>180 Local | |

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[1] To fund activities previously financed by overhead charges against construction projects.

### Explanation of Changes

1. Personal Services; $159 thousand increase: Nine additional local personnel are requested for FY 1975. These positions are as follows:

Staff Accountant
Revenue Clerk

Weights & Measures Inspector
Deputy Procurement Officer
Secretary
Janitor
Budget Aide
Keypunch Operators - 2

Normal salary increases and upgrading of present personnel account for the remainder of the increase over FY 1975.

2. Travel; $13 thousand increase: The majority of the increase in travel is for off-island training for members of the Tax Office and Planning and Budget staff, and travel to stateside conferences and business meetings by the Disbursing Officer, Assistant Disbursing Officer, and the Assistant Director for Material Management. In addition, 3 contract personnel will terminate in FY 1975, and $12,000 is requested for their return travel and travel by their replacements.

3. Contractual Services $1 thousand increase: Contracts with local firms for servicing and maintenance of office equipment and air conditioning will be continued. Minor office and storage area renovations account for the small increase.

4. Equipment; No change: The major portion of the equipment request is for needed replacement of household furnishings and appliances for contract personnel quarters. Twenty-five percent of all appliances were replaced in FY 1973. However, of the remaining seventy-five percent, the majority are over 10 years old. The remainder of the equipment requirement consists of replacement of office machines and equipment such as typewriters, calculators, dictating machines, filing cabinets, desks, chairs, etc.

5. Materials & Supplies; $8 thousand decrease: Based upon actual FY 1973 and estimated FY 1974 expenditures, a reduction in materials & supplies requirements is anticipated for FY 1975.

6. Miscellaneous Items; $6 thousand increase: In FY 1975, an increase of $45,000 for anticipated electricity usage is requested. This item has been underbudgeted in prior years. Forced reductions in other miscellaneous categories offset the majority of this increase.

Administrative Services Program

| Activity | Approved FY 1974 | Proposed FY 1975 | Increase (+) Decrease (-) |
|---|---|---|---|
| a. Administration | 256,000 | 324,000 | + 68,000 |
| b. Treasury Division | 499,000 | 561,000 | + 62,000 |
| c. Material Management | 410,000 | 475,000 | + 65,000 |
| d. Planning & Budget | 113,000 | 124,000 | + 11,000 |
| e. General Services | 472,000 | 437,000 | - 35,000 |
| Total | 1,750,000 | 1,921,000 | +171,000 |

The primary objectives of the Department of Administrative Services are as follows:

1. To aid the Governor in developing long range plans for operations and capital improvement programs for the territory, and to formulate and execute the annual budgets.
2. To maintain a financial accounting and information reporting service that is as responsive to the government-wide management needs as it is reasonably possible to provide.
3. To provide for the collection and safeguarding of all government revenues, and for the timely payment of all government liabilities.
4. To procure, store and dispense as requiredall equipment, supplies, and materials used by the government.
5. To advertize bids, to select contractors and to establish, and monitor all contracts for goods, services, land leases for the government.
6. To insure consumer protection in accordance with the territorial weights and measures legislation.
7. To maintain the public records, issue licenses and record vital statistics.
8. To manage all government general use facilities, and housing, to maintain accountability for all capital equipment and to maintain the central records of the government.
9. To provide efficient and responsive general services to all government agencies including mail services, automatic data processing and printing.
10. To operate the governor's house and the territorial liquor store.

a. Administration

A total of $324 thousand is needed for FY 1975, an increase of $68 thousand, or 27% over FY 1974.

This activity is responsible for the overall management and supervision of all divisions of the Department of Administrative Services. In addition, it is responsible for the administration of contracts and the following business type activities which are operated as revolving funds:

(1) General Supply
(2) Print Shop
(3) Territorial Liquor Store

All electricity usage by the Department and for all contract employee housing is budgeted under this activity. In prior years, this item has been underbudgeted. An increase of $45,000 for electricity costs is requested for FY 1975. No additional personnel are requested.

b. Treasury Division

A total of $561 thousand is needed for FY 1975, an increase of $62 thousand, or 12%, over FY 1974.

The Treasury Division is responsible for the following functions:

(1) Comptroller
(2) General Accounting (including Grant & Retirement Accounting)
(3) Cost Accounting
(4) Disbursing
(5) Revenue Collection
(6) Weights & Measures

In FY 1975, the emphasis will be on improvement of GAS financial systems and further implementation of computerized programs for appropriations accounting, construction cost accounting, obligations, payroll, and accounts payable. Three additional personnel are requested for FY 1975. These are a staff accountant, a revenue clerk, and a weights & measures inspector. Normal salary increases and upgrading of present personnel account for the remainder of the increase over FY 1974.

c. Material Management

A total of $475 thousand is needed for FY 1975, an increase of $65 thousand, or 16% over FY 1974.

This activity is responsible for the following functions:

(1) Procurement
(2) Housing
(3) Property Management
(4) Records Management
(5) Facilities Management
(6) Support Services

Beginning in FY 1975, increased emphasis will be placed upon the following:

1. To establish facilities and train personnel to effectively carry out all division goals by an all-Samoan staff by the end of FY 1977.

2. Phase out USCS management of the division by the end of FY'77.

3. Design, construct and phase into operation a completely new supply warehouse complex by the end of FY'77.

4. Provide an intensive on and off-island training program for the Samoan staff in FY'75 and FY'76.

5. To establish and implement a complete new set of procurement and supply operational policies and procedures by the end of FY'76.

6. To plan, design, and construct 60 replacement housing units by the end of FY'76 and gradually replace furniture and appliances over 6 years old for an additional 80 housing units during the same period.

7. Over a five-year period up-grade through replacement out-moded or economically marginal print shop equipment.

8. Implement a detailed Records Management and Storage Program for the government by the end of FY'79 with a start-up in FY'75.

9. Begin detailed planning for construction of major replacement in government office space to be implemented prior to the end of FY'78.

10. Lease the Territorial Liquor Store to a concession operator by the end of FY'75

11. Encourage and aid local merchants to offer all those general supply items now presently sold only by the government to the private sector.

12. Continue in FY'75, a program begun in FY'74 to convert all supply inventory and stock control to automatic data processing with an "all-up" system targeted for mid'year of FY 1976.

Three additional personnel are requested for FY 1975. These are a Deputy Procurement Officer, a secretary, and a janitor. $40,000 is requested for needed replacement of household furnishings and appliances for contract quarters. Normal salary increases and upgrading of present personnel account for the remainder of the increase over FY 1974.

d. Planning and Budget

A total of $124 thousand is needed for FY 1975, an increase of $11 thousand or 10% over FY 1974.

1. Greater emphasis will be placed on offering government-wide training in management concepts. Management seminars will be conducted with emphasis on goal setting, long range planning, and the use of developed plans and budgets as management tools.

2. Continue attempts to seek adoption of a budget law for the territory.

3. Review & update Executive policies and procedures governing the preparation of planning documents and budgets and seek incorporation of these in the GAS administrative manual.

4. Continue development of a management information system for use by top management.

5. Seek professional level training in planning and budget preparation for three local hire Budget Analysts.

One additional position, a Budget Aide, is requested for FY 1975. An increase of $3,000 in travel funds is requested to permit travel for professional training of staff members, and to enable travel to neighbor islands for comparative research on approaches to common problems faced by island governments. Normal salary increases and computer processing time account for the remainder of the increases over FY 1974.

e. General Services

A total of $437 thousand is requested for FY 1975, a decrease of $35 thousand or 7% from FY 1974.

The general services activity consists of the Data Processing Center which serves all government activities, the Territorial Registrar's Office, the Tax Office, and the management of the Executive House operation. In FY 1974, in order to meet the increased workload, the Data Processing will purchase additional equipment at a cost of approximately $35,000. This being a non-recurring item and therefore not a requirement for FY 1975 constitutes the primary reason for the decrease in the general services activity from FY 1974. Two additional keypunch operators are requested by the Data Processing Center, and travel for off-island training, Stateside tax audits, and IRS conferences by the Tax Office staff will increase by $4,500. Anticipated reductions on lease payments for EDP equipment will offset these increases.

## LEGAL AFFAIRS

FY 1974 $200 thousand; FY 1975 $327 thousand; increase $127 thousand. This activity is financed solely by Interior Budget Authority in FY 1975 as shown below:

| | Approved FY 1974 | Proposed FY 1975 | Increase(+) Decrease(-) |
|---|---|---|---|
| Interior Budget Authority | 200,000 | 327,000 | +127,000 |
| Local Basic Appropriation | 82,000 | -0- | - 82,000 |
| Local Excess Revenues Appropriations | 14,000 | -0- | - 14,000 |
| Total | 296,000 | 327,000 | + 31,000 |

The net increase of $31,000 from FY 1974 consists of:

Increase (+) or Decrease (-)

| Category | Amount | Positions | Total Programs | Total Positions | Explanation |
|---|---|---|---|---|---|
| 1 | +21,000 | -1 Contr.<br>+4 Local | 274,000 | 3 Contr.<br>35 Local | Normal salary increases, & 3 additional positions. |
| 2 | + 4,000 | | 13,000 | | Travel for termination of 2 contract employees, 1 replacement, plus mainland training. |
| 3 | + 2,000 | | 3,000 | | Repairs & maintenance of office & duplicating equipment. |
| 4 | - 2,000 | | 5,000 | | Normal replacements of typewriters & airconditioners. |
| 5 | - 2,000 | | 12,000 | | Overbudgeted supplies in FY 1974. |
| 6 | + 8,000 | | 23,000 | | Added transportation of things, printing of forms & motor pool use. |
| | +31,000 | -1 Contr.<br>+4 Local | 327,000 | 3 Contr.<br>35 Local | |

### Explanation of Changes

1. Personal Services; $21 thousand increase: Normal salary increases, increased fringe benefits, and three additional local personnel. The incumbent Deputy Attorney General will terminate in FY 1975 and the position will again be filled by an attorney from the mainland since no local hire attorney is expected be possess the requisite experience for this position. The 3 additional local personnel are needed to bring immigration staff to an adequate level. Annual salary adjustments account for the remaining portion of the increase.

2. Travel; $4 thousand increase: Increase due to termination of contract personnel anticipated in FY 1975. Majority of travel funds are for termination of two assistant attorneys general whose contracts expire in FY 1975 and for the recruitment of a Deputy Assistant Attorney General from the mainland. It is also planned to send a recent law graduate to the mainland for training in the fields of criminal law, environmental law, contracts law, and to familiarize him with the DOI Solicitor's Office. Additional travel is also required to send the passport and visa personnel to the mainland for training.

3. Contract Services; $2 thousand increase: Increase in contracts with outside parties for repairs and maintenance of office equipment.

4. Equipment; $1 thousand increase: Decrease is due to less anticipated replacement of office equipment in FY 1975.

5. Materials & Supplies; $2 thousand decrease: This item was overbudgeted in FY 1974.

6. Miscellaneous; $9 thousand increase: Increase is due to transportation of household goods for 2 contract employees whose contracts expire in FY 1975 and for the same purpose for a replacement of Deputy Attorneys General.

LEGAL AFFAIRS PROGRAM

| Activity | Approved FY 1974 | Proposed FY 1975 | Increase (+) Decrease (-) |
|---|---|---|---|
| Attorney General | 146,000 | 171,000 | +25,000 |
| Immigration | 150,000 | 156,000 | 6,251 |
| Total | 296,000 | 327,000 | +31,000 |

1. Attorney General's Office

A total of $171 thousand is needed for FY 1975, an increase of $25 thousand or 17% over FY 1974.

This activity is responsible for rendering legal advice to all departments, boards, and agencies of the Government of American Samoa and is responsible for prosecution of all criminal cases. This activity is staffed by the Attorney General, a Deputy, 2 Assistant Attorneys General, a legal aid, 4 secretaries, and a janitor.

Workload measures are as follows:

| | Actual FY1973 | Estimate FY1974 | Estimate FY1975 | FY74-75 %Change |
|---|---|---|---|---|
| No. of cases (criminal) | 217 | 250 | 300 | +20% |
| No. of cases (civil) | 15 | 20 | 30 | +50% |
| Volume of Correspondence | 2,000 | 2,500 | 3,000 | +20% |
| Volume of legal documents | 150 | 200 | 250 | +25% |

2. Immigration Division

A total of $156 thousand is needed for FY 1975, an increase of $6 thousand or 4%, over FY 1974.

This activity is responsible for control of non-American Samoan's entry into American Samoa and for issuance of United States passports and visas. Two new immigration officers and a secretary will be added to the staff to bring Immigration staff to 27, the level considered necessary in order to meet the growing immigration pressure on American Samoa as a result of its favored economic position in the South Pacific.

Workload measures are as follows:

| | Actual FY1973 | Estimate FY1974 | Estimate FY1975 | FY74-75 % Change |
|---|---|---|---|---|
| No. of persons entering | 87,000 | 95,000 | 110,000 | +16% |
| Alien residents in American Samoa | 14,000 | 15,000 | 16,000 | + 7% |
| Board Hearings | 675 | 700 | 750 | + 7% |
| Vessels & Aircraft Arriving | 4,000 | 4,700 | 5,000 | + 6% |
| Visas Issued | 1,000 | 1,500 | 1,700 | +17% |
| Passports & letters of identity issued | 3,750 | 4,200 | 4,700 | +12% |

## DEPARTMENT OF PUBLIC WORKS

FY 1974 $0; FY 1975 $1,376 thousand; Increase $1,376 thousand. This activity is financed jointly by Interior Budget Authority and local revenues as shown below:

| | Approved FY1974 | Estimated FY1975 | Increase (+) Decrease (-) |
|---|---|---|---|
| Interior Budget Authority | -0- | 1,376,000 | +1,376,000 |
| Local Basic Appropriation | 3,172,000 | 2,183,000 | - 989,000 |
| Local Excess Revenue Approp's | 186,000 | -0- | - 186,000 |
| Totals | 3,358,000 | 3,559,000 | + 201,000 |

The net increase of $201 thousand over FY 1974 consists of:

Increase (+) or Decrease (-)

| Category | Amount | Positions | Total Program | Total Position | Explanation |
|---|---|---|---|---|---|
| (1) | +162,000 | +4 Contr.<br>+6 Local | 2,425,000 | 32 Contr.<br>427 Local | Addition of 10 new positions & normal step increases. |
| (2) | + 26,000 | | 78,000 | | Transportation for employee terminations & replacements recruitment & A&E contracts. |
| (3) | - 8,000 | | 107,000 | | Less contractual services for Construction Division due to reduction in force. |
| (4) | + 21,000 | | 111,000 | | Minor equipment for testing laboratory, working tools & office equipment. |
| (5) | - 19,000 | | 378,000 | | Less materials-more projects to private contractors. |
| (6) | + 19,000 | | 460,000 | | Increased requirements for motor pool, electric utility & communication. |
| | 201,000 | +4 Contr.<br>+6 Local | 3,559,000 | 32 Contr.<br>427 Local | |

Explanation of Changes

(1) Personal Services; $162 thousand increase: The net increase in personnel by four contract engineers and six local employees will cost $128 thousand. Normal step increases make up the remaining requirements for personnel services.

(2) Travel; $26 thousand increase: Transportation for four new contract employees, travel for attending seminars and refresher courses on the West Coast and for recruitment and review of A&E contracts. Travel requirements for FY 1975 are as follows:

a. $33 thousand for termination and replacement of contract employees.

b. $23 thousand for attending seminars and refresher courses in the U.S.

c. $17 thousand for recruiting and negotiating with A&E contractors.

d. $5 thousand for inter-island travel.

(3) Contractual Services; $8 thousand decrease: Decrease is due mainly to the reduction of operations of the Construction Division. Other divisions show a slight increase.

(4) Equipment (Small Capital Items); $21 thousand increase: Included in this category are minor equipment for the testing laboratory for sewer and water, lawn mowers, small trailers and portable generators, hand tools and office equipment. Increases are needed for growing maintenance programs.

(5) Materials and Supplies; $19 thousand decrease: Decrease in materials and supplies is due to reduction in the operations of the Construction Division in FY 1975. It is planned to consolidate carpentry section of the Construction Division with the Maintenance and Operations Division. Construction Division is being reduced in size to allow local contractors to assume the work formally done by this Division.

(6) All Other Costs; $19 thousand increase: The following categories require increases in FY 1975:

a. Increased requirement for motor pool services; $8 thousand.

b. Electricity costs require an additional $4 thousand principally because additional pumps for sewer and water are being added to the systems.

c. Increases in telephone and communication use, heavy equipment rental, water transportation services and other miscellaneous items will cost $7 thousand.

Public Works Program

| Activity | Approved FY1974 | Estimate FY1975 | Increase (+) Decrease (-) |
|---|---|---|---|
| Administration & Finance | 216,000 | 239,000 | + 23,000 |
| Engineering | 692,000 | 894,000 | +202,000 |
| Maintenance & Operation | 2,166,000 | 2,253,000 | + 87,000 |
| Construction Administration | 284,000 | 173,000 | -111,000 |
| Totals | 3,358,000 | 3,559,000 | +201,000 |

The objective of the Department of Public Works:

To provide services in administration, engineering, contract administration, and project management, to carry out most of the GAS capital improvements program. The Department also provides maintenance of most GAS facilities and supervises the motor pool and the electric utility operations.

a. Administration & Finance

A total of $239 thousand is needed for FY 1975, an increase of $23 thousand, or 11% over FY 1974.

This activity is responsible for management of all Department of Public Works divisions and most of the GAS construction activity. The increase is primarily in personnel services with the addition of a management analyst to update and improve internal control and procedures for the department.

b. Engineering

A total of $894 thousand is needed for FY 1975, an increase of $202 thousand, or 29% over FY 1974.

This activity consists of the following branches:

1. ENGINEERING ADMINISTRATION BRANCH--Engineering projects are initiated by this office. It is responsible for negotiating and monitoring consulting, testing and surveying contracts between GAS and outside contractors. The Branch organizes training for the Division's staff.

2. DESIGN BRANCH provides the basic architectural and engineering services for the Government of American Samoa and is the main contact for all A&E contractors engaged by GAS. It is responsible for all in-house design projects, and provides technical expertise to back up building inspectors and contract inspectors.

   Five professional engineering staff are added in FY 1975 at a cost of $86 thousand, in order to better serve the capital improvements program. Contract termination and replacements require $7 thousand increase in travel.

3. LAND AND SURVEY BRANCH provides most of the survey capability for the entire territory. This includes boundary and topographic surveys and legal descriptions to support GAS capital improvements program. No increase in program is planned for FY 1975.

4. THE BUILDING BRANCH is responsible in checking plans for all proposed private construction in the Territory, issues building permits and inspects work during construction to insure compliance with building code, health and safety standards and zoning ordinances. Three staff are added at $26 thousand to handle anticipated additional workload.

5. THE HIGHWAY BRANCH was established at the beginning of FY 1974 to administer the territory's highway program. It is responsible for providing plans, design and specifications for road projects. Plans for FY 1975 include completion of access roads to all north-shore villages and a paved road to FHWA standards from Aua to Afono. Three staff presently funded by Federal planning grant will be added to the basic program in FY 1975.

6. CONTRACT BRANCH provides contract administration and construction inspection for the entire GAS capital improvements program. This function was formerly a part of the Construction Division, but with reorganization of the department a separate branch was established.

c. Maintenance & Operation

A total of $2,253 thousand is needed for FY 1975, an increase of $87 thousand or 4% over FY 1974.

This activity is responsible for the following:

1. Maintain all government-owned buildings and equipment through regular preventive maintenance, including painting and small repairs.
2. Maintain all public parks and grounds around schools, government office buildings, government housings and other government facilities.
3. Operate and maintain the water and sewer systems.
4. Collect and dispose of all solid wastes.
5. Provide maintenance of seawalls and storm drainage.
6. Maintain all primary and secondary roads to keep them free of potholes and loose gravel, and to keep shoulders trimmed.
7. Operate and maintain the aerial tramway to insure safety for passengers and durability of equipment.

No major changes in program areas and functions are planned in FY 1975. Goals for FY 1975 are to continue to upgrade the quality of work, cost control, efficiency and training of local employees. Seven additional employees will cost $32 thousand. The overall budget increase is slightly less than 5%, and is required for wage increases and inflationary growth of materials and supplies costs.

d. Construction Administration

A total of $173 thousand is needed in FY 1975, a decrease of $111 thousand, or 39% under FY 1974.

This activity is responsible for the administration of all construction projects performed by force account. This includes supervision on work schedules, manpower, materials purchasing and work coordination with other departments. It is planned to consolidate carpentry shop of the Construction Division with the M&O Division in FY 1975. It is also planned to let more construction projects go to outside bids and do less in-house work. The Construction Division will now specialize only in road and seawall construction rather than general construction. A reduction in force by seven positions will reduce personnel cost by $40 thousand; contractual services will decrease $10 thousand and equipment by $4 thousand; materials and supplies will be reduced by $13 thousand; all other miscellaneous items will cost $44 thousand less than FY 1974.

## Summary of Personnel Positions
## U.S. Civil Service, Contract, & Local

| | Number of Positions | | |
|---|---|---|---|
| | FY1973 | FY1974 | FY1975 |
| **Direct Appropriations** | | | |
| Governor's Office | 17 | 17 | 17 |
| Judiciary | 18 | 15 | 17 |
| | 35 | 32 | 34 |
| **Education & Culture** | | | |
| Department of Education | 901 | 959 | 968 |
| Museum | 0 | 4 | 4 |
| | 901 | 963 | 972 |
| **Health Services** | | | |
| Department of Medical Services | 403 | 422 | 432 |
| **Economic Development** | | | |
| Department of Agriculture | 85 | 87 | 87 |
| Development Planning Office | 7 | 8 | 8 |
| Office of Marine Resources | 0 | 7 | 8 |
| | 92 | 102 | 103 |
| **Transportation, Communications & Power** | | | |
| Department of Port Administration | 82 | 96 | 25 |
| **General Government** | | | |
| Legislature | 77 | 77 | 77 |
| Department of Administrative Services | 147 | 185 | 194 |
| Audit Office | 6 | 7 | 7 |
| Department of Legal Affairs | 33 | 35 | 38 |
| Local Government | 90 | 90 | 90 |
| Local Judicial | 8 | 7 | 8 |
| Department of Manpower Resources | 22 | 25 | 28 |
| Public Defender's Office | 4 | 4 | 5 |
| Department of Public Works | 361 | 447 | 457 |
| Office of Samoan Information | 12 | 7 | 7 |
| | 760 | 884 | 911 |
| **Public Safety** | | | |
| Department of Public Safety | 154 | 164 | 189 |
| Total Basic Operating Budget | 2,427 | 2,663 | 2,666 |
| **Capital Improvements** | | | |
| Construction Projects | 198 | 135 | 150 |
| **Other** | | | |
| Revolving Funds | 494 | 675 | 754 |
| Other Federal Grant Programs | 271 | 243 | 243 |
| | 765 | 918 | 997 |
| Total GAS | 3,390 | 3,716 | 3,813 |

Summary of Personnel Positions
U.S. Civil Service & Contract

| | Number of Positions | | |
|---|---|---|---|
| | FY1973 | FY1974 | FY1975 |
| **Direct Appropriations** | | | |
| Governor's Office | 6 | 6 | 5 |
| Judiciary | 6 | 6 | 6 |
| | 12 | 12 | 11 |
| **Education & Culture** | | | |
| Department of Education | 59 | 78 | 72 |
| Museum | 0 | 0 | 0 |
| | 59 | 78 | 72 |
| **Health Services** | | | |
| Department of Medical Services | 19 | 29 | 31 |
| **Economic Development** | | | |
| Department of Agriculture | 2 | 5 | 5 |
| Development Planning Office | 0 | 0 | 0 |
| Office of Marine Resources | 0 | 0 | 0 |
| | 2 | 5 | 5 |
| **Transportation, Communications, & Power** | | | |
| Department of Port Administration | 6 | 8 | 2 |
| **General Government** | | | |
| Legislature | 2 | 2 | 2 |
| Department of Administrative Services | 17 | 14 | 14 |
| Audit Office | 1 | 1 | 1 |
| Department of Legal Affairs | 4 | 4 | 3 |
| Local Government | 0 | 0 | 0 |
| Local Judicial | 0 | 0 | 0 |
| Department of Manpower Resources | 5 | 4 | 2 |
| Public Defender's Office | 0 | 0 | 0 |
| Department of Public Works | 14 | 28 | 32 |
| Office of Samoan Information | 2 | 2 | 2 |
| | 45 | 55 | 56 |
| **Public Safety** | | | |
| Department of Public Safety | 2 | 1 | 1 |
| Total Basic Operating Budget | 145 | 188 | 178 |
| **Capital Improvements** | | | |
| Construction Projects | 13 | 0 | 0 |
| **Other** | | | |
| Revolving Funds | 8 | 5 | 14 |
| Other Federal Grant Programs | 52 | 43 | 43 |
| Total GAS(USCS & Contract) | 218 | 236 | 235 |

## Summary of Personnel Positions
## Local

| | Number of Positions | | |
|---|---|---|---|
| | FY1973 | FY1974 | FY1975 |
| Direct Appropriations | | | |
| Governor's Office | 11 | 11 | 12 |
| Judiciary | 12 | 9 | 11 |
| | 23 | 20 | 23 |
| Education & Culture | | | |
| Department of Education | 842 | 881 | 896 |
| Museum | 0 | 4 | 4 |
| | 842 | 885 | 900 |
| Health Services | | | |
| Department of Medical Services | 384 | 393 | 401 |
| Economic Development | | | |
| Department of Agriculture | 83 | 82 | 82 |
| Development Planning Office | 7 | 8 | 8 |
| Office of Marine Resources | 0 | 7 | 8 |
| | 90 | 97 | 98 |
| Transportation, Communications, & Power | | | |
| Department of Port Administration | 76 | 88 | 23 |
| General Government | | | |
| Legislature | 75 | 75 | 75 |
| Department of Administrative Services | 130 | 171 | 180 |
| Audit Office | 5 | 6 | 6 |
| Department of Legal Affairs | 29 | 31 | 35 |
| Local Government | 90 | 90 | 90 |
| Local Judicial | 8 | 7 | 8 |
| Department of Manpower Resources | 17 | 21 | 26 |
| Public Defender's Office | 4 | 4 | 5 |
| Department of Public Works | 347 | 419 | 425 |
| Office of Samoan Information | 10 | 5 | 5 |
| | 715 | 829 | 855 |
| Public Safety | | | |
| Department of Public Safety | 152 | 163 | 188 |
| Total Basic Operating Budget | 2,282 | 2,475 | 2,488 |
| Capital Improvements | | | |
| Construction Projects | 185 | 135 | 150 |
| Other | | | |
| Revolving Funds | 486 | 670 | 740 |
| Other Federal Grant Programs | 219 | 200 | 200 |
| | 705 | 870 | 940 |
| Total GAS (Local) | 3,172 | 3,480 | 3,578 |

FY73-75 Local Revenue Analysis/Projections
As of 13 March 1974
(Thousands of dollars)

| Description (Source) | FY1973 Actual Revenue | FY 1974 Conserv. Estimate | FY 1974 Lo Optim Estimate | FY 1975 Conserv. Estimate | FY 1975 Lo Optim Estimate |
|---|---|---|---|---|---|
| **Department of Agriculture** | | | | | |
| Experimental Farm | 12 | 0 | 0 | 0 | 0 |
| All Other Agriculture | 27 | 16 | 18 | 18 | 20 |
| Sub-totals | 39 | 16 | 18 | 18 | 20 |
| **Administrative Services** | | | | | |
| Rents & Leases | 291 | 250 | 300 | 250 | 300 |
| Interest | 131 | 450 | 450 | 500 | 500 |
| Income Tax-Individual | 1,936 | 2,400 | 2,500 | 2,700 | 2,900 |
| Income Tax-Corporate | 7,290 | 7,500 | 7,700 | 7,700 | 7,900 |
| Licenses | 121 | 125 | 125 | 130 | 130 |
| Other Admin. Services | 19 | 10 | 10 | 10 | 10 |
| Sub-totals | 9,788 | 10,735 | 11,085 | 11,290 | 11,740 |
| **Department of Education** | | | | | |
| School Bus Operations | 29 | 0 | 0 | 0 | 0 |
| School Lunch Operations | 7 | 0 | 0 | 0 | 0 |
| Sub-totals | 36 | 0 | 0 | 0 | 0 |
| **Department of Medical Services** | | | | | |
| Hospital Care & Nurses | 135 | 120 | 130 | 126 | 136 |
| Pharmacy | 11 | 8 | 11 | 9 | 12 |
| Laundry Services | 1 | 1 | 1 | 1 | 1 |
| Cafeteria Services | 30 | 33 | 36 | 35 | 38 |
| Other Medical Services | 45 | 38 | 42 | 40 | 45 |
| Sub-totals | 222 | 200 | 220 | 211 | 232 |
| **Department of Public Works** | | | | | |
| Water | 18 | 20 | 22 | 21 | 23 |
| Aerial Tramway | 15 | 20 | 24 | 20 | 24 |
| Other Public Works | (17) | 40 | 48 | 40 | 48 |
| Sub-totals | 16 | 80 | 94 | 81 | 95 |
| **Department of Port Admin.** | | | | | |
| Excise Tax | 1,549 | 1,698 | 1,800 | 2,100 | 2,700 |
| Customs Charges | 173 | 330 | 350 | 350 | 380 |
| Pier & Dock Services | 287 | 300 | 330 | 330 | 360 |
| Harbor Craft Operations | 71 | 100 | 110 | 0 | 0 |
| Other Port Administration | 4 | 15 | 20 | 20 | 25 |
| Sub-totals | 2,084 | 2,443 | 2,610 | 2,800 | 3,465 |
| **Miscellaneous Other Revenue** | | | | | |
| Court Fees & Fines | 27 | 30 | 44 | 33 | 48 |
| Travel Permits | 12 | 12 | 12 | 12 | 12 |
| Miscellaneous Revenue | 24 | 24 | 28 | 24 | 28 |
| Sub-totals | 63 | 66 | 84 | 69 | 88 |

| Description (Source) | FY1973 Actual Revenue | FY 1974 Conserv. Estimate | FY 1974 Lo Optim Estimate | FY 1975 Conserv. Estimate | FY 1975 Lo Optim Estimate |
|---|---|---|---|---|---|
| Revolving Fund Surplus/Deficit | | | | | |
| Public Market | (6) | 0 | 0 | 0 | 0 |
| Supply Operations | 58 | 0 | 0 | 0 | 0 |
| Print Shop | 8 | 0 | 0 | 0 | 0 |
| Procurement | 62 | 0 | 0 | 0 | 0 |
| Liquor Store | 51 | 50 | 75 | 75 | 100 |
| Marine Railway | 61 | 70 | 80 | 80 | 100 |
| Electric Utility | 166 | 0 | 50 | 150 | 200 |
| Sub-totals | 400 | 120 | 205 | 305 | 400 |
| TOTALS | 12,648 | 13,660 | 14,316 | 14,774 | 16,040 |
| LESS PREVIOUS APPROPRIATIONS | 12,648 | 12,144 | 12,144 | 0 | 0 |
| AVAILABLE EXCESS REVENUES | 0 | 1,516 | 2,172 | 14,774 | 16,040 |

## FY 1975 ANTICIPATED FEDERAL GRANT PROGRAMS

| GAS Dept. or Office (Grant Recipient) | Granting Agency | Authorizing Legislation | Purpose of Grant | Federal Share | Local Match | Total Program |
|---|---|---|---|---|---|---|
| Operations | | | | | | |
| Department of Education | HEW-USOE | Elementary & Secondary Educ. Act, Title I | Language instruction | 358,000 | -0- | 358,000 |
| | | " " , Title II | Library books - private & Public schools | 8,000 | -0- | 8,000 |
| | | " " , Title III | Supplemental education centers | 188,000 | -0- | 188,000 |
| | | " " , Title IV,A | Strengthening state departments | 73,000 | -0- | 73,000 |
| | | " " , Title IV,C | Planning & evaluation | 9,000 | -0- | 9,000 |
| | | Education of the Handicapped Act, Part B | Handicapped school programs | 70,000 | -0- | 70,000 |
| | | " " , Part D | Handicapped - teacher training | 42,000 | -0- | 42,000 |
| | | National Defense Educ. Act, Title III | School equip. & administration | 4,000 | -0- | 4,000 |
| | | Educ. Professions Develop. Act, Part B-2 | Teacher training | 37,000 | -0- | 37,000 |
| | | " " , Part D | Drug education | 10,000 | -0- | 10,000 |
| | | Library services & Constr. Act, Title I | Library services | 40,000 | -0- | 40,000 |
| | | Vocational Education Act | Vocational education-Community College | 93,000 | -0- | 93,000 |
| | | " " " | Advisory Council for Vocational Educ. | 32,000 | -0- | 32,000 |
| | | Adult Basic Education Act | Adult education-Community College | 41,000 | -0- | 41,000 |
| | | Higher Educ. Act, Title IV,C | College work study program | 24,000 | -0- | 24,000 |
| | HEW-OCD | Econ. Opportunity Act, Section 24. | Early childhood education | 100,000 | -0- | 100,000 |
| | USDA-FNS | National School Lunch Act | School lunch & breakfast | 700,000 | -0- | 700,000 |
| Ecologist | EPA | Environ. Protection Act | Air & water pollution control | 59,000 | 13,000 | 72,000 |
| Governor's Office | DOI-YCC | PL 12-378 | Summer employment of youth | 60,000 | 60,000 | 120,000 |
| | NFAH-NEA | Nat. Foundation on the Arts & Humanities Act | Arts Council projects | 47,000 | 47,000 | 94,000 |
| | HEW-OYD | PL 92-381 | Youth development project | 120,000 | 40,000 | 160,000 |

| GAS Dept. or Office (Grant Recipient) | Granting Agency | Authorizing Legislation | Purpose of Grant | Federal Share | Local Match | Total Program |
|---|---|---|---|---|---|---|
| Medical Services | HEW-PHS | PHS Act, Sec. 314(a) | Comprehensive health planning | 77,000 | 13,000 | 90,000 |
| | | PHS Act, Sec. 314(d) | Health education | 42,000 | -0- | 42,000 |
| | | " " " | Chronic & communicable diseases | 41,000 | -0- | 41,000 |
| | | " " " | Health statistics & surveillance | 22,000 | -0- | 22,000 |
| | | " " " | Filariasis control | 45,000 | -0- | 45,000 |
| | | " " " | Dengne & yellow fever control | 35,000 | -0- | 35,000 |
| | | " " " | Veneral disease control | 16,000 | -0- | 16,000 |
| | | " " " | Mental health operations | 65,000 | -0- | 65,000 |
| | | Social Security Act Title V, Sec. 504 | Crippled children's services | 104,000 | -0- | 104,000 |
| | | Social Security Act Title V, Sec. 503 | Maternal & child health services | 105,000 | -0- | 105,000 |
| Marine Resources | DOC-NOAA | Nat. Sea Grant College & Program Act | Fishermen & biologist training | 31,000 | 7,000 | 38,000 |
| | DOC-NMFS | Comm. Fisheries R&D Act | Tuna industry development | 90,000 | 30,000 | 120,000 |
| | DOC-NMFS | Comm. Fisheries R&D Act | Statistical analysis of fisheries | 10,000 | 4,000 | 14,000 |
| | DOC-NMFS | Comm. Fisheries R&D Act | Baitfish development | 19,000 | 7,000 | 26,000 |
| | DOC-BSFW | Fed. Aid in Sport Fish Restoration Act | Sport fisheries development | 40,000 | -0- | 40,000 |
| Legal Affairs | DOJ-LEAA | Omnibus Crime Control & Safe Street Act | Law enforcement planning | 205,000 | 23,000 | 228,000 |
| | | " " " | Law enforcement action programs | 158,000 | 62,000 | 220,000 |
| Development Planning | DOC-EDA | Public Works & Economic Development Act | Planning assistance | 54,000 | 34,000 | 88,000 |
| | HUD-CP&M | Housing Act, Sec. 701 | Comprehensive territorial plan | 65,000 | 22,000 | 87,000 |
| Manpower Resources | DOL-MA | Manpower Development & Training Act | State admin. expense | 20,000 | -0- | 20,000 |
| | | Economic Opportunity Act, Title I-B | Neighborhood Youth Corps | 50,000 | -0- | 50,000 |
| | | Economic Opportunity Act, Title I-B, Sec.123a | Public Service Careers | 100,000 | -0- | 100,000 |
| | | Comprehensive Employment Training Act (1973) | Manpower training | 250,000 | -0- | 250,000 |

| GAS Dept. or Office (Grant Recipient) | Granting Agency | Authorizing Legislation | Purpose of Grant | Federal Share | Local Match | Total Program |
|---|---|---|---|---|---|---|
| | DOL-WSA | Occupational Safety & Health Act | Compliance monitoring | 41,000 | -0- | 41,000 |
| | | | TOTAL OPERATING GRANT PROGRAMS | 3,800,000 | 362,000 | 4,162,000 |
| Capital Improvements | | | | | | |
| Port Administration | USA-Corps of Engrs. | Small Navigation Projects Act | Develop small boat harbors | 1,000,000 | -0- | 1,000,000 |
| Public Works | DOT-FHA | Federal Highway Act | Road Development | 1,000,000 | 447,000 | 1,447,000 |
| | DOI-Geological Survey | Geological Survey Act of 1879 | Water Development | 32,000 | 22,000 | 54,000 |
| | EPA | Water Pollution Control Act | Sewer Construction | 577,000 | 119,000 | 696,000 |
| Governor's Office | DOI-BOR | Land & Conservation Act | Recreation projects | 50,000 | 50,000 | 100,000 |
| | | TOTAL CAPITAL IMPROVEMENT GRANT PROGRAMS | | 2,659,000 | 638,000 | 3,297,000 |
| | | TOTAL FY 1975 ANTICIPATED GRANT PROGRAMS | | 6,459,000 | 1,000,000 | 7,459,000 |

## GOVERNMENT OF AMERICAN SAMOA
## REVOLVING FUND OPERATIONS

| | FY 1973 Actual | | | FY 1974 Estimated | | | FY 1975 Estimated | | |
|---|---|---|---|---|---|---|---|---|---|
| | Revenue | Expend. | Net | Revenue | Expend | Net | Revenue | Expend | Net |
| Water Transportation | -0- | -0- | -0- | -0- | -0- | -0- | 618,000 | 618,000 | -0- |
| Airport * | 591,736 | 375,954 | 215,782 | 650,000 | 446,000 | 204,000 | 750,000 | 500,000 | 250,000 |
| Public Market | 122,739 | 128,590 | (5,851) | 82,000 | 82,000 | -0- | 97,000 | 97,000 | -0- |
| Poultry Laying Unit | -0- | -0- | -0- | 19,000 | 19,000 | -0- | 22,000 | 22,000 | -0- |
| Driver's Training * | 83,464 | 40,306 | 43,158 | 43,000 | 43,000 | -0- | 45,000 | 45,000 | -0- |
| Liquor Store | 368,357 | 317,123 | 51,234 | 510,000 | 260,000 | 250,000 | 575,000 | 300,000 | 275,000 |
| Print Shop | 127,402 | 119,014 | 8,388 | 144,000 | 144,000 | -0- | 160,000 | 160,000 | -0- |
| General Supply | 318,458 | 260,885 | 57,573 | 350,000 | 350,000 | -0- | 441,000 | 441,000 | -0- |
| Procurement | 253,077 | 190,850 | 62,227 | -0- | -0- | -0- | -0- | -0- | -0- |
| Air Force Housing * | 54,630 | 52,051 | 2,579 | 54,000 | 54,000 | -0- | -0- | -0- | -0- |
| Air Force Cafeteria * | 23,435 | 69,393 | (45,958) | 118,000 | 118,000 | -0- | -0- | -0- | -0- |
| Electric Utility | 1,454,000 | 1,288,000 | 166,000 | 1,900,000 | 1,717,000 | 183,000 | 2,089,000 | 1,888,000 | 201,000 |
| Motor Pool | 556,010 | 407,344 | 148,666 | 396,000 | 396,000 | -0- | 532,000 | 532,000 | -0- |
| Product Plant | -0- | -0- | -0- | 349,000 | 349,000 | -0- | 366,000 | 366,000 | -0- |
| Heavy Equipment | -0- | -0- | -0- | 799,000 | 799,000 | -0- | 843,000 | 843,000 | -0- |
| Communication Office * | 731,513 | 783,747 | (52,234) | 709,000 | 709,000 | -0- | 757,000 | 757,000 | -0- |
| Marine Railway | 809,000 | 802,000 | 7,000 | 1,214,000 | 1,164,000 | 50,000 | 2,160,000 | 2,110,000 | 50,000 |
| Totals | 5,493,821 | 4,835,257 | 658,564 | 7,337,000 | 6,650,000 | 687,000 | 9,455,000 | 8,679,000 | 776,000 |

* Surplus or deficits for these activities in FY 1973 were retained within the activities and carried forward into FY 1974. The net FY 1973 surplus for the remaining activities was cleared to the General Fund and appropriated by Public Law 13-27 and 13-36 for FY 1974 activities.

## PERSONNEL SUMMARY

| | 1973 Actual | 1974 Estimate | 1975 Estimate |
|---|---|---|---|
| Direct Program: | | | |
| Total number of permanent positions..... | 57 | 12 | 12 |
| Average number of paid employment....... | 48 | 12 | 12 |
| Reimbursable Program: | | | |
| Total number of permanent positions..... | -- | 53 | 55 |
| Full-time equivalent of other positions. | -- | 1 | 1 |
| Average paid employment................. | 1 | 49 | 55 |
| Average GS grade........................ | 10.9 | 11.2 | 11.5 |
| Average GS salary....................... | $18,262 | $19,367 | $19,416 |
| Average salary of ungraded positions.. | $4,347 | $4,500 | $4,600 |

## ITEMIZATION OF ESTIMATE

Department of the Interior
Appropriation Title: Administration of Territories, Territorial Affairs

| | 1973 Actual | 1974 Estimate | 1975 Estimate | Increase (+) or Decrease (-) |
|---|---|---|---|---|
| Program and Financing: | | | | |
| Total obligations......... | $23,748,570 | $19,733,646 | $23,122,846 | $+3,389,200 |
| Receipts and Reimbursements from Federal Funds. | -22,409 | -1,340,744 | -1,600,000 | -259,256 |
| Recovery of prior year obligations.............. | -12,126 | --- | --- | --- |
| Unobligated balance, start of year........... | -11,191,527 | -10,791,492 | -6,522,846 | +4,268,646 |
| Unobligated balance transferred from other accounts................. | -939,000 | --- | --- | --- |
| Unobligated balance transferred to other accounts. | --- | 375,744 | --- | -375,744 |
| Unobligated balance, end of year................. | 10,791,492 | 6,522,846 | --- | -6,522,846 |
| Budget Authority....... | 22,375,000 | 14,500,000 | 15,000,000 | +500,000 |

## ITEMIZATION OF ESTIMATE (Cont'd)

Department of the Interior
Appropriation Title: Administration of Territories, Territorial Affairs

| | 1973 Actual | 1974 Estimate | 1975 Estimate | Increase (+) or Decrease (-) |
|---|---|---|---|---|
| **Direct Program:** | | | | |
| **Object Classification:** | | | | |
| 11 Personnel compensation... | $1,241,622 | $ 601,000 | $ 655,000 | $ +54,000 |
| 12 Personnel benefits....... | 109,370 | 44,000 | 54,000 | +10,000 |
| 13 Benefits of former personnel............... | 9,289 | --- | --- | --- |
| 21 Travel and transportation of persons....... | 99,671 | 50,000 | 50,000 | --- |
| 22 Transportation of things. | 33,016 | 27,000 | 28,000 | +1,000 |
| 23 Rent, communications, and utilities............... | 62,677 | 9,000 | 13,000 | +4,000 |
| 24 Printing and reproduction | 8,691 | 9,000 | 14,000 | +5,000 |
| 25 Other services........... | 86,605 | 29,877 | 65,000 | +35,123 |
| 26 Supplies and materials... | 23,123 | 15,000 | 20,000 | +5,000 |
| 31 Equipment................ | 24,271 | 8,000 | 10,000 | +2,000 |
| 33 Investments and loans.... | 3,393,222 | 2,210,000 | 4,175,522 | +1,965,522 |
| 41 Grants, subsidies, and contributions........... | 18,634,604 | 15,390,025 | 16,438,324 | +1,048,299 |
| TOTAL DIRECT OBLIG...... | 23,726,161 | 18,392,902 | 21,522,846 | +3,129,944 |
| **Reimbursable Program:** | | | | |
| 11 Personnel compensation... | 20,404 | 977,200 | 1,150,000 | +172,800 |
| 12 Personnel benefits....... | 2,005 | 116,000 | 151,000 | +35,000 |
| 21 Travel and transportation of persons....... | --- | 68,200 | 72,000 | +3,800 |
| 22 Transportation of things. | --- | 57,000 | 62,000 | +5,000 |
| 23 Rent, communications, and utilities.............. | --- | 55,000 | 62,000 | +7,000 |
| 24 Printing and reproduction................ | --- | 4,000 | 5,000 | +1,000 |
| 25 Other services........... | --- | 39,344 | 58,000 | +18,656 |
| 26 Supplies and materials... | --- | 13,000 | 17,000 | +4,000 |
| 31 Equipment................ | --- | 11,000 | 23,000 | +12,000 |
| 33 Investments and loans.... | --- | --- | --- | --- |
| 41 Grants, subsidies, and contributions........... | --- | --- | --- | --- |
| TOTAL REIMBURSABLE OBLIGATIONS............ | 22,409 | 1,340,744 | 1,600,000 | +259,256 |
| TOTAL OBLIGATIONS....... | 23,748,570 | 19,733,646 | 23,122,846 | +3,389,200 |

### OPENING REMARKS

Mrs. HANSEN. Governor Haydon, may I say that Congressman Veysey and Congressman McKay, who visited American Samoa, will undoubtedly have a lot of their own questions and the Chair will be very happy to yield to them, Governor.

Mr. WYATT. I may have a few too, Madam Chairman.

Mr. VEYSEY. Madam Chairman, before we break might I just at this time extend my greetings to the Governor, the President of the Senate, the Speaker of the House and the others who are here from Samoa. My colleague, Mr. McKay was called away because a large group of his own constituents are here. We all know how that has to operate. Mr. McKay wanted his particular greetings extended to you. Of course on seeing you, I am reminded of the exciting time that we had in American Samoa as your guests and the many interesting occasions that we attended with you. Also I am reminded again that every time Congressman McKay approached the microphone the heavens opened up and the rains descended. Now we are having just a little mild spring rain for you as particular blessing on this occasion as I believe you regard it. I am delighted that you are here today. Thank you.

Mrs. HANSEN. I would like to apologize to the Samoan Legislature for my inability to make the trip, but I simply had a prior commitment in the United States. I deeply regret that I could not join Congressman McKay and Congressman Veysey on what they said was a very delightful trip to Samoa, but I think the committee was very fortunate to be represented by both Congressman McKay and Congressman Veysey.

Mr. WYATT. Madam Chairman, I was likewise involved in an irreconcilable conflict and I could not go either and I was very, very sorry and I hope I will have the opportunity before the year is out.

### GENERAL STATEMENT

Mrs. HANSEN. Governor Haydon, you have a general statement.

Governor HAYDON. Thank you, Madam Chairman. If I may I will just give a few highlights.

Mrs. HANSEN. Please insert your statement in the record and summarize it for the committee.

[The statement follows:]

### STATEMENT OF JOHN M. HAYDON, GOVERNOR OF AMERICAN SAMOA

Madam Chairman: The government of American Samoa is requesting a grant-in-aid from the U.S. Congress of $14 million to assist in financing its fiscal year 1975 programs. This amount is identical to the appropriation level requested and granted in fiscal year 1974. Our budgetary needs for fiscal year 1975 have increased as you might expect, but all increases are being financed with local revenues. I am, therefore, very happy to report that our progress toward self-sufficiency within the territory is beginning to display real evidence of substantial progress. Last year, our basic local revenue contribution to the original budget request made before this committee included an amount of $12.6 million. For fiscal year 1975 we project a local revenue contribution of $17.3 million, which is 55 percent of the total appropriation being requested. In addition to the total requests for appropriated funds of $31.3 million, we anticipate that approximately $6.5 million in other Federal grants will be awarded to the territory in fiscal year 1975. Thus, we now project a total financing level in fiscal year 1975 of nearly $38 million.

This $38 million is approximately $1 million more than the total funding which we have available in the current fiscal year. In fiscal year 1974, we have been able to make substantial appropriations of local excess revenues. This resulted from improving local revenue collections during the year which surpassed the estimate of these revenues which we made at the time the original fiscal year 1974 budget was prepared. Thus, the Legislature of American Samoa has been able to appropriate an additional $4.1 million within the current fiscal year; these funds have enabled us to initiate several programs that were previously scheduled for financing in fiscal year 1975. Most significant among these is $1.6 million appropriated to purchase a beautiful high school facility and adjoining campus area, including 17 housing units, which was originally built and operated by the Church of the Latter Day Saints. This facility will become the new home for the Community College of American Samoa. We are very pleased that this opportunity came along and that we had local resources with which to take advantage of it.

While we have been blessed in the current fiscal year with an improvement in revenue collections, we have also had our share of problems. On November 29, we suffered a major fire which destroyed the west wing of our main administration building. This fire displaced 133 office workers and destroyed almost all the furniture, equipment, files, and records that were contained within the 18,000 square feet of office space. Thus, we have suffered a blow to our long range plans which has necessitated a revision of our program plans and has especially caused us to reevaluate our priorities with regard to our office facilities. Our recent analysis shows that more than half of our current total of 100,000 square feet of office space is obsolete and hazardous. These buildings were originally part of the naval administration facilities. For example, our main administration building, the one that burned, was originally a barracks facility built in 1930. These buildings are old, inefficient, and all have inadequate wiring. We believe that the fire of November 29 was started in faulty electric wiring. We have a program going to replace old wiring but it seems like an endless task.

Because we have reevaluated our office space conditions, we now plan to construct 16,000 square feet of new office facilities in fiscal year 1975 at a cost of $992,000 in local appropriations. To do this, we have had to defer a major improvement of our main dock facilities which is badly needed to serve our very busy port.

Before I say any more about specific programs that we are requesting in fiscal year 1975 let me bring to your attention a change in the nature of our request this year over the way it has been presented in previous years. You will note that in fiscal year 1975 we are asking for your grant-in-aid to support only basic operations. In prior years, we have always requested financing for both operations and capital improvement projects. In fiscal year 1975 we plan to finance all capital improvements with local appropriations. We will not be requesting CIP funds in future years because we project sufficient local revenues to finance these needs. Also, we favor the use of local funds for CIP in order to ease the problem of reprogramming to adjust to changing needs, whether caused by fires or updated analysis of needs or whatever. This flexibility allows us to make the best use of the dollar resources available.

As you of the Congress well know, the Federal budgetary process is cumbersome and time consuming. I do not mean this in any derogatory way, it is just the nature of the thing and we all understand why we must live with it. The difficulty for a small government such as American Samoa is that we must outline our needs approximately 1½ years prior to the actual availability of the appropriated funds. Many changing circumstances can occur within that period which result in changing priorities and thus a need for a revised budget. If we use local funding for capital improvements, we can set our budget requests just prior to the start of the fiscal year. We are, therefore, asking for your aid only for our basic operations budget. These are fundamental needs as you will see as we go through the budget. They include our educational program, medical and health program, basic administration of the government, and maintenance and operations activities by our Department of Public Works. These are the programs with the most continuity, and while large in dollar impact, are the most straightforward to plan.

One other reason for desiring to finance capital improvements with local revenues is because basic operations are not controversial, and are readily understood and are the least difficult of our planning decision. The more controversial parts of our total program planning occur in the area of capital improvements. Thus, we find a very high local interest in the process of program priority determinations. We have seen some long and sometimes heated discussions and debates within the Legislature of American Samoa concerning priorities among various proposed capital improvement programs. We believe such debate is healthful in the political development of the territory, and of course it has direct impact in sorting out what it is that we should be doing within the territory.

Finally, let me explain how for the first time in fiscal year 1975 we have altered the timing of local revenue appropriations. You will note that the local appropriations for fiscal year 1975 have not yet been made. In prior years, we have always submitted a final executive budget to the Fono in July or August for the fiscal year starting almost a year later. At that time, the Fono would call witnesses, complete its review of the executive proposal, and make the actual appropriations for the next fiscal year. This meant that our appropriations were made almost a full year in advance of the time the money was actually to be used. This procedure, of course, enabled us to give firm assurance to the Department of the Interior and to you members of Congress that our legislature had reviewed and approved our total program budget.

This year we again submitted an executive budget to the legislature in August; however, we considered the fiscal year 1975 budget to be a preliminary executive budget. It was reviewed by the Fono, witnesses were called, and the legislature approved the preliminary budget in principal, but no funds were actually appropriated as in previous yars. The Fono passed a joint resolution which was forwarded to the Director of Territorial Affairs, Mr. Stanley S. Carpenter. With that assurance of the support of the legislature, we then proceeded to submit our budget estimate to the Department of the Interior for the Federal share of our financing needs.

The procedure we now use for local appropriations is that I will call a special session of the legislature in June, one month prior to the start of the fiscal year. At that time, the legislature will review our final program budget and make the appropriations of local revenues. This procedure will provide the flexibility to change program plans as needed, between the time that the preliminary and final budget requests are presented to the Fono. We now envision two major changes in our operating programs from that presented to the legislature last August. One change will provide an upward pay adjustment for our career service employees at an estimated cost of $1.1 million annually. The second change will finance additional positions relating to a major reorganization of our Department of Administrative Services, and for a complete redesign and implementation of a new accounting system which will be performed by a consulting firm. The estimated cost for the new positions is $250,000 annually, and the cost for the new accounting system will be about $750,000, spread over a 2 year period.

I apologize for this rather long discussion of procedure but I hope that it has served to explain why we have taken this action. I trust that you will agree with our rationale and that it has helped to explain why our request for financing this year is of a simpler nature than in prior years with all of our request for congressional assistance now concentrated in a few selected basic operations.

In conclusion, let me note that we have brought with us to this hearing, exhibits which are up to date on our latest plans for our total program financing. We are prepared to submit these exhibits for the record. They will give you our best thinking on our intended requests for local appropriations by the Legislature of American Samoa in June. We also have brought with us our latest estimates of anticipated Federal grant programs which are slightly different than those which are presented in the budget justification. We will be happy to submit these updated tables for the record.

Finally, Madam Chairman, let me again, as I do each year, extend to you my sincere invitation for you to come to American Samoa and witness first hand both our progress and our problems. We were very happy to have had two acceptances of my invitations in this past year. We were honored to receive Congressman Gunn McKay and Congressman Victor Veysey, both of the House Appropriations Subcommittee, who were able to participate in the dedication of our new legislative building last October. Madam Chairman, this concludes my formal statement.

Thank you.

### SUMMARY OF OPENING STATEMENT

Governor HAYDON. Also, might I request that after I make my statement the Speaker and the President, if it meets with your approval, they have another very pressing engagement this afternoon, but they do want to make a few remarks.

Mrs. HANSEN. That will be fine.

Governor HAYDON. Madam Chairman, we are requesting $14 million in grant-in-aid this year to assist us in financing our fiscal year 1975 program and that amount is the same as the appropriation level which was requested and appropriated in fiscal year 1974.

We are proud, of course, that our ability to generate local revenue is continuing to contribute more substantially to our total overall budget. Our local revenue last year was $12.6 million and for fiscal year 1975 we project a local revenue contribution of $17.3 million, which is 55 percent of our total budget.

Total financing level in 1975 including Federal grants will be approximately $38 million. In fiscal year 1974 the legislature has been able to appropriate substantial excess local revenues, $4.1 million, and this has enabled us to initiate a number of programs which were previously scheduled for financing in 1975.

### ACQUISITION OF MAPUSAGA HIGH SCHOOL

One of the most significant, I think, is the lease of land and the purchase of facilities for $1.6 million of the beautiful Mapusaga High School formerly run by the Church of the Latter Day Saints and which will be our new permanent home for the Community College of American Samoa.

We have anticipated that we are saving approximately 4 years and several million dollars by doing this.

At the same time, in the last part of November we had a terrible fire which destroyed the west wing of our main administration building. One hundred thirty-three of our office workers were knocked out of their space and the bulk of their equipment and the equipment and files in a number of adjoining offices were either lost or destroyed.

The total program for replacing these facilities probably will run about $3.5 million. At the moment we plan using local revenues to rebuild the 16,000 square feet for the executive office building, and we have had to set aside both an airport terminal improvement and a main dock facilities improvement which were badly needed in order to try to approach this problem with some kind of logic.

### BUDGET REQUEST FOR OPERATIONS

I think it should be noted that there is a change in this budget in that we are asking for a grant-in-aid only to support basic operations. In prior years we have requested financing for both operations and capital improvement projects.

We submitted to the Fono an executive budget last August. This was approved in preliminary form by the Fono and forwarded to Interior and subsequently to the Congress. It is expected that in June we will call a special session which will appropriate local funds for the capital improvement projects and other projects in the remainder of our budget.

This gives us a certain amount of flexibility that we haven't had before, particularly under circumstances as we experienced in November when we had a terrible fire which forced us to change direction.

I would hope that you would agree with the rationale that is behind this presentation of our budget this year. We have tried to improve each year when we have come back in the way we present it, making all facts as clear as possible to the committee.

We have with us exhibits, we think, for the record that might be called for and if we don't have them we are prepared to enter any material that you might need. We also have our latest estimates of anticipated Federal grant programs which are slightly different from those which are presented in the budget justifications and we will be happy to submit those for the record, too.

### REMARKS ON MRS. HANSEN'S RETIREMENT

I would like to say this, Mrs. Hansen—this was expressed earlier by Director Carpenter—and I am talking for everybody from Samoa. Several of these men have had the pleasure of coming back and appearing before you and your committee. We are very, very sorry to know that you will not be here the next time and Congressman Wyatt, also.

Mrs. HANSEN. Being from the Northwest, I think you would share my reasoning for leaving Washington, D.C.

Governor HAYDON. Mrs. Hansen, I have a great love for the Northwest, as you know. I don't know whether that is what motivates Congressman Wyatt but——

Mr. WYATT. I am returning there, Governor, so that does motivate me.

Governor HAYDON. On behalf of President Salanoa, and Speaker Leiato, Senator Sunia, Representative Steffany, Delegate-at-Large Fuimaono, and all of the Samoan people, I would like to express our very sincere thanks for the understanding that you have given to American Samoa these past 4 years that I have been before you and prior to that time on this committee. We sincerely appreciated it.

Mrs. HANSEN. Governor Haydon, both Mr. Wyatt and I have had a genuine sense of pleasure in working with the people of Samoa. I think probably one of the nicest things that ever happened in Congress is the fact that the Legislature of Samoa, the Legislature of Guam, and the Congress of Micronesia sit down and share with the committee their feelings on the yearly budget proposals. I think this has created a very great sense of satisfication for the committee to know that you understand what our problems are as well as we understanding what yours are. I would like to express my appreciation.

Mr. WYATT. Madam Chairman, would you yield?

Mrs. HANSEN. Yes.

Mr. WYATT. I would just like to say to Governor Haydon and to our friends from Samoa that I have personally taken a great deal of pleasure in working with you and seeing the progress that you are making and seeing the leadership that the Governor has provided also and that you gentlemen in the legislature provided, but I think a special word of gratitude is in order for Mrs. Hansen because she has had an unusual interest in the affairs of American Samoa, as she has actually in all of our affiliate groups, both in the Caribbean and also in the Pacific, but American Samoa I think has been a particular interest of hers and I have watched this now for several years, Madam Chairman, and I know how you have been deeply interested in the affairs of the Samoan people.

Mrs. **HANSEN**. It has been a pleasure to work with the Governor of Samoa.

When I first came on the Appropriations Committee, Governor Lee was Governor of American Samoa and he brought to the committee some of the great challenges that were before the Appropriations Committee in 1963. Sometimes we are prone to think that there isn't much progress being made but I think there has genuinely been some progress in the South Pacific.

### STATEMENTS OF SPEAKER OF THE HOUSE

I am always divided as to whether I should have the Speaker of the House or the President of the Senate proceed first. I think I am going to call on the Speaker of the House first, because this is the House of Representatives.

Mr. Speaker.

Mr. **LEIATO**. Thank you, Mrs. Hansen.

In addition to what our comrade has stated, it has been a great pleasure to be before you again. It is too bad that you are leaving your post.

Mrs. **HANSEN**. I am leaving some wonderful committee members behind.

Mr. **LEIATO**. You have been helping American Samoa quite a lot and it is a great pleasure for us to work with you.

Mrs. **HANSEN**. Thank you, Mr. Speaker.

Mr. **LEIATO**. Thanks very much for the great help. I cannot express with my words but the President, and the Governor, and all of us from American Samoa share the same thing. We cannot express in words your great help to our small country.

Mrs. **HANSEN**. Thank you, Mr. Speaker.

Mr. President.

### STATEMENT OF THE PRESIDENT OF THE SAMOAN SENATE

Mr. **AUMOEUALOGO**. Madam Chairman, and honorable members of the committee, we have the Samoan word which is used when you want something new, and we say "faamolemole." When you use that Samoan word it means a request, that you need some new thing. So I am going to ask, Madam Chairman and all of the honorable members of this committee, for an additional $1.17 million to finance a replacement for the Government administration building which was destroyed by fire on November 29, 1973.

The preliminary design of 60,000 square feet is about $60,000, a detailed design of 20,000 square feet is $70,000, the utilities and site work is $40,000, and construction of 20,000 square feet is about $1 million. The rest of the area shall be financed by local revenue for a period of about 4 years. This has not been in our proposed budget but we ask this as an addition, so we ask, Madam Chairman and members of the committee, for your sympathetic consideration of this matter.

Mrs. HANSEN. Thank you, Mr. President.

### ADMINISTRATION BUILDING FIRE

Mr. WYATT. Will the chairman yield?

I would just like to ask, Mr. President, this fire occurred after your budget submissions had already been made and it was way too late then to get them in this year's budget; is that correct?

Mr. AUMOEUALOGO. Correct.

Mr. WYATT. And I assume the loss of the building really handicaps the operation of the government.

Mr. AUMOEUALOGO. Correct. This building is sort of an old navy building. It was made during wartime and it was about to be repaired even if there had not been the fire.

Mr. WYATT. I am glad you have raised the question because I was going to inquire about it as I knew of the fire and I think this to be a severe handicap.

Thank you, Madam Chairman.

Mr. AUMOEUALOGO. And I have here some pictures of this burning place and the congestion of workers.

Mrs. HANSEN. Thank you, Mr. President.

### LOCAL REVENUES

Governor Haydon, what is the status of various activities relating to future self-sufficiency and self-determination?

Governor HAYDON. I think our growing local revenue, Mrs. Hansen, is an indication of our growing ability to finance ourselves better and better each year. I could submit for the record an indication of local revenues from income tax growing from $6.6 million in fiscal year 1972 and other revenues of $3.3 million in fiscal year 1972, a total of $9.9 million, to our projection of $15.1 million in fiscal year 1975, over $16 million in 1976 and over $20 million in 1977, and then a very large jump when our two canneries come off of their current tax exemption in 1978. This figure may be a bit too optimistic but it would indicate that we might reach nearly $30 million to $31 million in local revenues by 1978.

Mrs. HANSEN. What is the principal source of your revenue?

Governor HAYDON. Our principal source is income tax, the biggest chunk of that of course being corporate income tax. Our largest taxpayers are the tuna canneries and the can company. Other revenues are excise taxes, revolving funds, and so on. In our justifications we present a breakdown of all of the different segments of the economy which provide income to the Government. We were at one Samoa dollar in 1970 to two Federal dollars, and we are now at a little better than one for one in the budget before you, 55-percent local revenue.

In our economic future we face what we have always faced and that is the lack of our own natural resources to exploit on a wise and logical basis. Both of our canneries have expanded greatly and raised their employment. Unemployment in 1969 was 26 percent and based on our latest analysis unemployment at the present time is somewhere between 12 and 14 percent, so we have shrunk measurably.

To get new business in American Samoa has been very, very difficult. A number of new businesses have started, primarily the Bulova Watch Co.'s Pacific Time Corp., Sultana Jewelry factory, Meadowgold Dairy, and a number of the Samoan people have gone into business on their own in small businesses.

We have a new bowling alley and many new bush stores in American Samoa. Our development bank has made some loans in the area of commercial or rental housing, but we still find it rather difficult to attract business to a place that is so far away from the United States and is outside of the normal trade routes.

At the present time, we have been approached and are studying the possible addition of a third tuna cannery in American Samoa. It seems that we have business propositions before us constantly, very few of them which materialize, but bit by bit this past 4 years has seen the first introduction of new business in American Samoa from outside venture capital since the original canneries came into existence, so that we are making some progress in that area, and it is reflected in the ability to generate local revenue.

### LATEST BUSINESS VENTURES IN SAMAOA

Mr. McKAY. Could you list for the committee some of those who have come in with venture capital recently.

Governor HAYDON. Yes. Meadowgold Dairy, Sultana Jewelry, Peter J. Brennan Clothing Manufactures, expansions by Starkist & Van Camp, and as I mentioned the first new business to come in recent years was Pacific Time Corp., a subsidiary of Bulova Watch.

Mr. McKAY. When did they come?

Governor HAYDON. Approximately 2 years ago, Congressman, and they are doing extremely well. They are trying to get their quota raised because the workers are able to produce their present quota without any trouble whatsoever.

I might add that a number of those workers were sent to the United States to be trained before the factory started, to the Bulova School in New York, and that has proved to be a very stable and profitable business for us.

That for the first time has given us a second large item on our export column in our statistics at the end of the year.

As to our tuna production, we might as well say that we really have a third new cannery in American Samoa now because between Van Camp and Starkist the total new investment has been extremely substantial. Employment at the two canneries, the Marine Railway and the American Can Co., has risen from 1,250 approximately in 1969 to roughly 2,000 people in that complex at the present time. Those 2,000 people represent 25 percent of our entire employment in American Samoa, and while I don't have the exact figures, I would estimate that in calendar year 1973, our exports of tuna were close to $60 million and undoubtedly will be much higher in calendar year 1975.

Mrs. HANSEN. Where do you export your products?

Governor HAYDON. All to the United States.

### THIRD CANNERY FOR SAMOA

Mr. WYATT. Governor, at that point if I may, with respect to this third cannery that you have mentioned, how much employment would that entail? Do you know roughly?

Governor HAYDON. In its initial stage, 350 to 400 people.

Mr. WYATT. Ultimately how many?

Mr. McKAY. The new can company that is coming in?

Governor HAYDON. New tuna cannery.

Mr. McKAY. Besides Van Camp and Starkist?

Governor HAYDON. The Bumble Bee Corp. has announced its desire to establish a third cannery in American Samoa.

Mr. WYATT. Their headquarters have been in Astoria, Oregon, Mr. McKay.

Mr. McKAY. They are leaving you, is that what you are saying?

Mrs. HANSEN. No; they are expanding.

Mr. WYATT. What would the ultimate employment be, Governor; do you know?

Governor HAYDON. Well, if the cannery had the same growth rate as the other canneries, I would estimate that it could get up to 600 to 850 people.

### WATER SUPPLY PROBLEMS

Mr. WYATT. What about the water supply situation generally in that area as far as a third cannery is concerned?

Governor HAYDON. Water is always a tough problem. Water and labor are probably the two primary problems that have to be faced and good solutions found in order for Bumble Bee to come into American Samoa. We have spent a great deal of money, as this committee knows, on expansion of water.

While it has been the subject of a great deal of controversy, the program to drill wells in the Tafuna Plain has proved to be succesful. We have put in a number of wells that are producing quite heavily, and we are going to put in more. A water main has been laid all the way from the Tafuna Plain into the downtown bay area.

Mrs. HANSEN. Do all your islands have water sources?

Governor HAYDON. Not of that type, Mrs. Hansen. This really is the first developed over the last 2½ years, the first program to develop real underground water in American Samoa.

Mrs. HANSEN. That is what I thought.

Governor HAYDON. Except on the south shore of Tutuila, our villages all depend on local water systems which utilize streams, cachement, and in some cases repumping, but this is the only main overall system.

Mrs. HANSEN. Mr. McKay had a problem with rainwater.

Governor HAYDON. We had a terrible problem. We almost drowned Congressman McKay.

Mr. McKAY. That is what she is referring to.

Mr. WYATT. Is the water for the third plant feasible, Governor, do you think? Is that a problem that can be solved?

Governor HAYDON. We believe it is a problem that probably can be solved, but the engineers of the Bumble Bee Corp. and our own engineers who work in the water area are presently attacking this problem to figure out whether there can be a satisfactory solution.

Mr. WYATT. You are hopeful that it can be worked out.

### ENVIRONMENTAL CONSIDERATIONS

Governor HAYDON. I am very hopeful.

Mrs. Hansen raised the environmental issue earlier today, and there are some 16 environmental problems that have to be met successfully. I think you know that the original canneries were placed in old buildings that were existing at the time and converted, and they really have very little relationship to a modern cannery, particularly one built now.

We are subject to and we are enforcing with the canneries that are there at the present time all of the Federal environmental laws, Federal Water Pollution Commission, EPA, and our own environmental quality laws, in addition to which a cannery has to be assured of a labor supply and, while I can quote you a statistic that indicates 12- to 14-percent unemployment, that does not necessarily mean that it would be that easy to get workers for a new cannery.

Heavy unemployment statistics in the tropical islands really don't relate with our kind of social structure and custom and culture, don't really relate to the same type of unemployment statistics in the United States.

### POSSIBLE OVERDEPENDENCE ON TUNA

Mr. WYATT. I am not only interested in this just because the proposed processing plant is from my home State, but I am also interested in the fact that I don't think it is healthy to have any kind of a monopoly situation and I therefore would hope for both those reasons that this can be worked out.

Mr. VEYSEY. Governor Haydon, you already indicated a fairly large percentage of your total employable people would be involved in the canneries, and a rising percentage perhaps.

What is the hazard in case the habits of tuna change and they don't come in those waters or something like that? You know, we have seen cannery areas before that have suddenly fallen very quiet and there is no employment there at all.

Is that a hazard?

Governor HAYDON. That is a hazard for any fishery in the world. The Peruvians are finding that out this year, in this past year, in the disappearance of the anchoveta. That is why the price of fishmeal has gone up from $5 to $21 a bag. I might add we sell a lot of fishmeal out of Samoa.

Mrs. HANSEN. In your fishing areas you can go quite far afield with your tuna boats.

Governor HAYDON. We do.

Mrs. HANSEN. Tuna isn't necessarily in one location.

Mr. WYATT. Your tuna is not necessarily a local fishery. It is a widespread South Seas fishery.

Governor HAYDON. We are part of a tuna fishery that extends from the trust territories north of Hawaii down past Tahiti, clear down toward Australia and New Zealand and to the west of us out toward New Guinea.

The National Marine Fisheries Service estimates that there are approximately 800,000 tons of skipjack tuna at the present time going unexploited in the triangle between the trust territory, Hawaii, and Samoa and we have entered into a program and we held a meeting earlier this year in Hawaii in which the tuna industry has put up $400,000 and Mr. Robert Schoning, Director of the NMFS, has promised to try to obtain money from some frozen Saltonstall-Kennedy funds.

We are trying to induce the U.S. fleet to come out and fish more in the Pacific because the primary take of tuna at the present time, almost 100 percent, is by Japanese, China, and Korean vessels—our fleet has grown from approximately 138 vessels in 1969 to, I believe, 377 vessels—roughly half Korean and half Chinese, free Chinese.

But those vessels range 1,000, 1,500, 2,000 miles to get tuna. The tuna from Palau that is caught by the Okinawan boats, put into cold storage, comes to Samoa for processing. We have gotten tuna from as far away as Peru, Puerto Rico, from Fiji, from Tahiti; and listening to talk about building cold storage facilities in Guam, I would anticipate that we would get tunafish from Guam on occasion if that construction takes place.

Now, tunafish are cyclic and there are many different species which are canned and they have their good years and their bad years. We had a bad year in 1968–69, I believe, but neither cannery gave up and tuna came up again.

I believe at the present time it is not as bad as back then because there are a lot more vessels fishing, but the cycle is slightly on the ebb. A gamble is taken, of course, by the canneries. The investment for a third cannery at today's prices is roughly $8 million and the questions of a labor supply, meeting proper environmental standards, public acceptance, of water and the power all have to be answered.

Mr. VEYSEY. Suppose you did run into a couple years' bad cycle, which could happen. What would be the impact on the economy of American Samoa if the canneries had to virtually shut down?

Governor HAYDON. Employment would fall off and I would imagine that it might increase migration.

Mr. VEYSEY. People would migrate away from the islands?

Governor HAYDON. To Hawaii and mainland United States, which they do in large numbers now.

But as I say, employment has risen. People who were not working, nearly 1,000 of them, are now working in the fish business, some aspect of it. Over the past 5 years this, and the watch factory, and other smaller increases in local business have absorbed quite a few people.

Our primary problem in getting labor is not the availability of people but the availability of people who are willing to work in a cannery because it is not the world's nicest job.

Mrs. HANSEN. You haven't seen Bumble Bee. It is one of the cleanest places I have ever seen.

Governor HAYDON. I have seen their operation in Hawaii and it is clean and the public goes through it all the time.

Mr. VEYSEY. Governor, I remember on the occasion of the 25th anniversary of the Legislature of Samoa, in the big parade that was staged, there was a big marching delegation of employees from both of the factories and they looked just great and very proud to be working there.

Governor HAYDON. They are proud of their canneries but as your total economy grows——

Mrs. HANSEN. There have been college students from Oregon State, University of Oregon, and University of Washington who have earned their way through school by working in the canneries.

Governor HAYDON. They really are our lifeblood, economic lifeblood.

### EQUIPMENT LOST TO FIRE AND LOOTING

Mrs. HANSEN. Have the papers and equipment which were looted following the fire been returned?

Governor HAYDON. By and large, no.

Mrs. HANSEN. What happened to that material?

Governor HAYDON. I don't know. I really don't know.

Mrs. HANSEN. What type of papers have you lost?

Governor HAYDEN. Our files, of course; we reconstructed files that were destroyed. We reconstructed as best we can. We have had a lot of help from other people, other Federal agencies, for example, that we deal with.

It is kind of an expensive way to thin out the files, Madam Chairman, and it is going to hinder us for a long, long time because we lost some vital personnel files. Fortunately, we did not lose our most vital files on aliens and immigration department. I understand the aliens were holding a big festival until they found out that that section of the files had been saved, but the files by and large were destroyed.

The equipment that disappeared, as we say in Samoa, "uma lava." It just disappeared.

Mrs. HANSEN. What type of equipment disappeared?

Governor HAYDON. Air-conditioners, typewriters, telephones, furniture, things like that. A great deal of it of course was burned up but the rest of it just disappeared.

Mrs. HANSEN. Typewriters and air-conditioners are not too small. I would think you would be able to locate some of them.

Governor HAYDON. Our police department has located some people. Everybody was trying to help out and people removed things and then brought them back the following day. But the fire took place in the dark during a heavy storm and it was rather hard to keep track. That top picture gives an idea of what it looked like.

Mrs. HANSEN. What was the cause of it?

Governor HAYDON. Defective wiring in the attorney general's office.

### LETTER FROM REPRESENTATIVE MINK

Mrs. HANSEN. I have received a letter from Representative Mink on your educational TV network.

As you will recall, educational TV was introduced in American Samoa on a crash program to assist in improving language development. The committee has warned in the past that educational TV by itself could not ever be substituted for a classroom teacher, particularly as your educational program becomes more sophisticated.

Congresswoman Mink visited American Samoa and she is deeply concerned. She said:

> DEAR MADAM CHAIRMAN: My recent visit to American Samoa has increased my concern over the value of educational television as a primary means of instruction for school children.
>
> After nearly a decade of development, the American Samoa educational television effort has yet to prove its success as an educational means as well as a fiscally sound venture. An initial $1,538,000 was appropriated to begin the educational television which went on air in October 1964. An additional $2 million was authorized to consolidate village schools to meet the availability of the new television receivers. Each year since then, a high percentage of the budget in education has gone to meet the costs of the educational television, including fiscal year 1972, when one-third of the $5,881,601 education budget was consumed directly by educational television.
>
> During this same decade, a steady outmigration of youngsters seeking education in California and Hawaii public schools blossomed. All too often Samoans in Hawaii have told me their main reason for coming to Hawaii was to obtain a good education for their children.
>
> American Samoa government employees from the Mainland are allowed to keep their children in a separate school with classroom teachers which do not rely upon educational television. Parents at this school claim that their children receive an education which is superior to that provided in the educational television classrooms.
>
> I am now in the process of researching the educational questions involved. I have sent letters to scholars who have surveyed the American Samoan education system and evaluated its effect. I will share this information with you as soon as I receive it.
>
> I believe the time has come for intensive investigations through public hearings of the educational television appropriation for American Samoa.
>
> I would be most grateful if you would consider bringing this matter before your committee for full accounting of expenditures in this area.

### TEN YEARS OF EDUCATIONAL TV

Governor Haydon, please insert in the committee record a summary year by year of the total funds which have gone into educational television and the number of teachers employed to implement your educational television from 1963 through 1974.

Also insert in the record for us what the educational background of your Samoan teacher was in 1964 as compared to today that is, what was your average level of training in 1964 and what is the average level of training today.

[The information follows:]

AMERICAN SAMOA

## Total Investment in Educational Television
F.Y. 1963-1975

(In thousands of dollars)

| | F.Y. 1963 | F.Y. 1964 | F.Y. 1965 | F.Y. 1966 | F.Y. 1967 | F.Y. 1968 | F.Y. 1969 | F.Y. 1970 | F.Y. 1971 | F.Y. 1972 | F.Y. 1973 | F.Y. 1974 | F.Y. 1975 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Operations | -- | 559 | 792 | 911 | 864 | 948 | 829 | 980 | 1,074 | 1,353 | 1,443 | 1,690 | 1,809 | 13,252 |
| CIP | 1,748 | 80 | -- | 989 | -- | 12 | 30 | -- | -- | -- | 164 | 704 | -- | 3,727 |
| Overhead 1/ | 30 | 146 | 195 | 250 | 188 | 219 | 170 | 257 | 291 | 373 | 267 | 400 | 371 | 3,162 |
| Totals | 1,778 | 785 | 987 | 2,150 | 1,052 | 1,179 | 1,029 | 1,237 | 1,365 | 1,731 | 1,874 | 2,794 | 2,180 | 20,141 |

1/ Includes costs of supporting services provided by Departments of Administrative Services, Manpower Resources, Education, and Public Works (M&O).

### Data on Samoan Teachers

| | 1964 | 1965 | 1966 | 1967 | 1968 | 1969 | 1970 | 1971 | 1972 | 1973 | 1974 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| No. of Samoan Teachers | 280 | 198 | 190 | 238 | 288 | 299 | 297 | 333 | 340 | 384 | 393 |
| Years of Post High School Education | -- | -- | -- Data Not Available-- | | | | -- | -- | 2.1 | 2.3 | 2.6 |

### Number of Teachers Working in Educational Television

| | 1964 | 1965 | 1966 | 1967 | 1968 | 1969 | 1970 | 1971 | 1972 | 1973 | 1974 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| No. of ETV Teachers | -- -- | -- | -- Data Not Available-- | | | | -- | 36 | 36 | 25 | 25 |

### CONCERN FOR EMPHASIS ON EDUCATION TV

Mrs. HANSEN. Mrs. Mink is concerned, as I am, that possibly you have placed too much emphasis on the television system rather than on teachers. You may not be training enough Samoan teachers, which will have an effect on the total knowledge of these youngsters.

Would you care to comment on this, Governor?

Governor HAYDON. I think we have answered questions about the educational TV system each time we have had arise hearings, Madam Chairman. I have said the same thing each time, that I have felt that the use of TV, which was started a long time ago, has been extremely valuable, but that it has not——

Mrs. HANSEN. It was of greater value for a specific time and place, but what has happened to your evaluation since that time and what educational expertise have you had to guide any changes?

Governor HAYDON. We have used a number of consultants and experts in our educational system, possibly to the point of too many. I don't know. Certainly our school system is not to be compared with, say, one of the better school systems in the United States. It isn't in the United States. It is way down in the tropics.

We have a terrible problem in English capability, not because our children are any brighter or any dumber than any other children. They aren't. They are just normal children. But they live in an atmosphere where the only time they speak English at all is in the school.

All of their lifestyle is Samoan, other than the hours they spend in school. We are utilizing less and less educational television, particularly in the high school. I think our educators commonly, maybe not all of them but certainly the leadership, concedes that television is a fine teaching tool and that it should be used on that basis, as a teaching tool.

The past three summers we have had 350 to 360 teachers in in-service teacher training. Samoan teachers.

Mrs. HANSEN. How many other teachers do you have?

Governor HAYDON. Tom, can you pull that rapidly?

### STUDENT POPULATION

Mrs. HANSEN. How many youngsters do you have in school and what percent of your school-age population is this?

Governor HAYDON. We have, using round figures, 6,400 youngsters in elementary school and 2,600 in high school. We have 2,500 in early childhood, and we have just under 1,000 full or part-time students in our community college.

Mrs. HANSEN. How many students do you have in the community college?

Governor HAYDON. Just under 1,000 full or part-time students of all ages. I would say that of the available school population, we have almost 100 percent in school. We have some dropout problem in high school.

Mrs. HANSEN. You have a total student population of about 12,500?

Governor HAYDON. I believe we have several records for the United States: The highest per capita early childhood education program in the United States, the highest community college attendance per capita in the United States, and it could be, at least for the United States, the highest per capita total number of people going to school. We have approximately 13,000 people out of something over 28,000 in one form of education or another. Additionally, we have smaller numbers in adult basic education.

### ROLE OF ETV IN EDUCATION

I would like to make this comment about Mrs. Mink's letter. I saw her quoted in the Hawaii paper that TV in Samoa was an absolute failure and the Federal Government never should have done it. I know in the past, particularly the first 2 years I was in Samoa and the third year that newspaper men would ask me about the television system and I would say that it has been of real value, but is only a tool and there is quite a possibility that it could do more; and the next thing I know I would find a headline in the paper, "Governor States TV a Failure."

I have never felt that and I never will. It has produced a great deal for the Samoan school children.

Mrs. HANSEN. Mr. Speaker, do you recall when Governor Lee implemented educational TV?

Mr. LEIATO. Yes, Madam Chairman.

Mrs. HANSEN. You remember the reason, he felt it was a necessary tool to bring American Samoa into the 20th century. So that when it was established it was a crash program and I don't think it was ever envisioned, Governor, that it would be the major educational tool. As I recall there was some difficulty in attracting teachers from the mainland.

That was one of the problems.

The second problem was that not many Samoans had educational training. The thought at that time was until there were sufficiently trained Samoans and you rebuilt your teaching cadre it was almost necessary to do something in this field.

Is this correct, Mr. Speaker?

Mr. LEIATO. Madam Chairman, I think your statement is true. As I remember, I think that was the idea. But Governor Haydon I go along with. The television, as far as benefits to the Samoan people are concerned, is a tool. Right now it helps out, but what Mrs. Mink stated I should say I don't fully go along with because as of right now as far as our television is concerned we are taking the television as a tool to help out, as an aid, but we are not dependent on it as it first started out.

This is my own personal opinion. When it first started out I personally disagreed, but I think that was the main idea when Governor Lee first started out the whole thing, because we didn't have enough teachers and all that.

But as to the idea when the time came to replace again and have more Samoans and outside help, as you have stated——

Mrs. HANSEN. There wasn't time enough to train Samoan teachers and you had problems like the problems of the Trust Territories. You had people who had only attended school through the fourth grade who were teaching in the Trust Territory schools.

The hope was in these years that educational TV would only be used as a tool until you could build a trained cadre of Samoan teachers.

### TEACHING STAFF

Mrs. HANSEN. You have 360 Samoan teachers?

Governor HAYDON. We may have more teachers than that. That is the number taking inservice training in the summertime. I think the number is higher. We have 78 contract employees from the States of which 13 are in the administrative end of education rather than teaching, so approximately 65 stateside teachers.

Mr. McKAY. When you say "stateside" are you talking about Americans, or British?

Governor HAYDON. All from the United States.

Mr. McKAY. Don't you have some who are British?

Governor HAYDON. I don't think so. No.

Mrs. HANSEN. Does this number include your elementary and high school teachers?

Governor HAYDON. These people are teaching at the elementary and the high school level. I don't think that includes community college, does it, Tom?

Mr. MAHAR. No.

Mrs. HANSEN. What is the average teacher-pupil ratio?

Governor HAYDON. About 22.

### SAMOAN SCHOOLS

Mrs. HANSEN. How many schools do you have in American Samoa?

Governor HAYDON. We have 28 elementary schools, one new one built at Pauaiai last year, and we have three high schools on Tutuila and one on the Island of Tau.

Mrs. HANSEN. What is the average size of your schools?

Governor HAYDON. I don't know how to answer that, Mrs. Hansen.

Mrs. HANSEN. What are your major school areas?

Governor HAYDON. The high school?

The downtown, what you would call the Pago Pago-Fagatogo area? That is the highest concentration.

Mrs. HANSEN. How many students attend that school? What is the total number in that school system because I recognize you probably have some very small schools.

Governor HAYDON. Yes. Not every village has a school but the 28 elementary schools are scattered completely througout Samoa.

To answer your question, we will have more than 800, maybe 1,000 students in Samoana High School—that is what you call the downtown area—high school next year.

Mrs. HANSEN. How many trained teachers do you have employed at the Samoana High School and to what extent do you rely on educational TV?

Governor HAYDON. In that school one principal, one assistant principal, two counselors, 30 teachers and nine people in what they call craftsmen, vocational type education.

### DISTRIBUTION OF EDUCATIONAL COSTS

Mrs. HANSEN. What portion of those funds for that school go to eduactional TV, and what portion go to teachers?

Governor HAYDON. I would have to provide that.

Mrs. HANSEN. Provide the information for the record.

Governor HAYDON. How much goes for TV, how much for teachers.

[The information follows:]

## DISTRIBUTION OF DEPARTMENT OF EDUCATION OPERATING BUDGET

## FOR FISCAL YEAR 1975

(Thousands of dollars)

| | TEACHER INSTRUCTION | | TV INSTRUCTION | | OTHER PROGRAMS | | |
|---|---|---|---|---|---|---|---|
| | Amount | Percent | Amount | Percent | Amount | Percent | TOTAL AMOUNT |
| Early Childhood Education | $ 287 | 100% | $ --- | --- | $ --- | --- | $ 278 |
| Elementary Education | 1,990 | 59% | 1,404 | 41% | --- | --- | 3,394 |
| Secondary Education | 939 | 80% | 229 | 20% | --- | --- | 1,168 |
| Community College | 718 | 100% | --- | --- | --- | --- | 718 |
| Indirect & Other (including Community TV) | --- | --- | 176 | 5% | 1,537 | 95% | 1,713 |
| | $3,925 | 54% | $1,809 | 25% | $1,537 | 21% | $7,271 |

Mrs. HANSEN. It is very difficult for the committee to evaluate whether you are increasing your trained teachers until we know what portion of your funds are directed to this endeavor.

Mr. MAHAR. We don't really account for the TV system by school. We have one centralized system and it broadcasts to all the schools common programing. Therefore you almost have to take the entire system if you are looking on a per student basis at capital expenditure.

Mrs. HANSEN. Let me ask the question another way. Does your educational television go into the very smallest schools of your villages?

Mr. MAHAR. To all.

Mrs. HANSEN. You had better send us some material.

Governor HAYDON. Could we break it down, the same question, but an answer for the entire school system.

Mrs. HANSEN. Yes.

Mr. McKAY. Why don't you give us a pattern of your curriculum to see how many hours you are spending on television versus teachers to student ratio.

Mrs. HANSEN. That is correct. For example, I don't know how you would teach mathematics without a teacher to explain the processes. The same is true of reading. Television is most helpful in some areas, but you actually have to have some story telling and all the things that go with English in use in your schools. You can't talk back to TV. I can't talk back to the material you insert in the record. It is very difficult to develop a picture of your operations until I know how many hours is spent by a teacher in a classroom and how many hours are devoted to educational television.

Mr. McKAY. I think in that regard I want to separate that figure from the guy who is doing the teaching on the television tube and his hours versus those who are in the classroom one to one with the students. When you give us the hours on the number of "teaching hours" that should not include the guy who is over in the studio. We are trying to separate the factors here.

Governor HAYDON. We will do that.

[The information follows:]

EDUCATIONAL TELEVISION USAGE PATTERN

| Grade | Percent television per month | Average minutes per day |
|---|---|---|
| 1 | 17 | 51 |
| 2 | 18 | 54 |
| 3 | 15 | 45 |
| 4 | 21 | 63 |
| 5 | 14 | 42 |
| 6 | 16 | 48 |
| 7 | 10 | 30 |
| 8 | 8 | 24 |
| 9 and 11 | 3 | 8 |
| 10 and 12 | Only by special request of classroom teacher. | |

Educational television has decreased markedly in the first 8 grades from 38 percent of classroom time in 1971 to 15 percent in 1974.

Governor HAYDON. Exactly. There are no classes I know of where television is shown and the kids sit there and watch it and there is no teacher present. There is always a teacher present and an average hour utilizes only one-third of the hour for the television showing, the class on TV itself. There is a prelude, a lesson plan. The teacher explains more or less what they are going to see and then either a short test or a discussion period after they have seen approximately 20 minutes of television. Our use of TV is declining though, is going down, although not abruptly.

### HISTORY OF EDUCATIONAL TELEVISION

There are two points I would like to make. I talked to Governor Lee. I was curious why this system was started in the beginning and I asked him. Among the things that you mentioned was one other prime point. That was that if he hadn't used that approach, that there was 300 or 400 Samoan teachers who would have had to be absolutely replaced because you would have had to bring all teachers from the United States to come in and teach in Samoa, and that that damage to the Samoans, many of whom had spent their entire adult lifetime teaching in the classroom, albeit not professionals but still good teachers, that to throw these people completely out of their careers, to which they had devoted a part of their lives, was absolutely unfair. It was felt that they could get a stateside teacher in every classroom through the use of television, and start training the Samoan teachers.

Whether or not the training has been as productive as would be liked is a good question. I think that a study of this system would be a fair one at any time.

### EDUCATIONAL VALUE OF COMMUNITY TV

The other point I would like to make is that the cost of our television don't stop with the end of the schoolday. In a very real sense, whether it is educational material or whether it is a pure entertainment material, television being produced during the rest of the day, in the evening hours, and on Sundays and Saturdays in American Samoa, are helping to teach everybody English, in addition to our kids. We have a number of adults in adult basic education. What might appear to be frivolous in subsidizing the showing of TV at night is not. It is an extension.

Mrs. HANSEN. I don't think the committee is criticizing, because we understood what Governor Lee's intentions were when he presented the program. He did it very thoughtfully. I am sure Governor Lee never intended that it would be the only instrument. Of course, I remember at the time that it was very difficult to get stateside teachers to go to Samoa. This was one of your problems.

Mr. CARPENTER. We have had periodic surveys by Stanford University. Dr. Wilbur Shram has been one who has gone down periodically and checked the program and so on. As Governor Haydon has pointed out, it is true we have been diminishing the total number of educational television hours in recent years, as we tend to put it more in proper perspective as a tool.

Mrs. HANSEN. I am sure when Mr. Kirwan was chairman of the committee, he had no intention it would become the only instrument of education.

### STUDENT-TEACHER RATIO

Mr. **Veysey**. What is the ratio of students to teacher throughout the school system? Do you have that? I would like to see if that ratio has changed over the last several years.

Governor **Haydon**. It is 22 now, but we can draw a pattern.

[The information follows:]

*Student-teacher ratio*

| Fiscal year— | |
|---|---|
| 1964 | 1:20 |
| 1965 | 1:24 |
| 1966 | 1:23 |
| 1967 | 1:25 |
| 1968 | 1:20 |
| 1969 | 1:24 |
| 1970 | 1:23 |
| 1971 | 1:19 |
| 1972 | 1:20 |
| 1973 | 1:19 |
| 1974 | 1:19 |

### SCHOOL-AGE POPULATION

Mr. **McKay**. Another significant figure if I recall, that you have 50 percent of your population is about school age, isn't it? I remember something about 13,000.

Governor **Haydon**. That includes everybody in school.

Mr. **McKay**. Through high school.

Governor **Haydon**. I believe 47 percent of our total population is 15 years of age or under.

Mr. **McKay**. And what is your total population?

Governor **Haydon**. Less than 29,000.

Mr. **McKay**. So you have got about 13,000 to 15,000.

Governor **Haydon**. Fifteen or under.

Mr. **McKay**. Which would be in the school age. Those under a certain age wouldn't be in school.

Mrs. **Hansen**. They have 6,400 elementary students.

Mr. **McKay**. How many teachers do you have overall, aside from stateside?

Mrs. **Hansen**. They have 360 that are receiving in-service training.

Mr. **Leiato**. I am sorry to interrupt. We have other appointments. We want to give you this as a presentation. It is small but we present this to you from all the people of American Samoa. I have a Ula as we call it, a lei.

### USE OF TV IN THE CLASSROOM

Mr. **Sunia**. I wonder if I may say something, now that the President is gone and I am the senior Senate Member here. I have four children in the educational television schools. One of them has gone entirely through the whole system. He is now in high school. I think there is a great deal of misunderstanding as to what actually goes on in the schools, and perhaps these little details lead people to question the effectiveness of the program.

The schoolteacher, the classroom teacher at all times has a manual worksheet which duplicates the entire lesson, and as the television program goes on, as the TV teacher is on, this is followed very closely.

At the close of each session there is a question and answer period which is conducted by the schoolteacher in the classroom between him and the students about the program. As parents, we go through the classroom on open days and view these and follow the procedures very closely. We do have periodic meetings with the teachers to follow up the progress of the children.

I might say as a parent I am most pleased with what has gone on, and in fact I am most afraid that the question of funds might lead to a curtailment of the program at a time when local schoolteachers are not adequately trained to take over. In other words, I suspect that if we let go the use of TV in the schools, the whole program would fall back, maybe not as low as where we were before, but certainly there will be some decline. I think perhaps the effectiveness of the program compared to what it would be without the TV sets in the classrooms will continue to be at an advantage.

Mrs. HANSEN. Senator, 10 years ago was the learning process comparable to what it is today? In 1964, would you have learning as much as you would today?

Mr. SUNIA. Without TV?

Mrs. HANSEN. That is right.

Mr. SUNIA. I don't think so. I think that is the important thing.

Mrs. HANSEN. I do not consider that educational TV was something that was completely wasted, because television, books, or anything else are only part of the total input into the school system. As you know, you have to have teaching materials, you have to have good teachers. You have to have books. You have to have all the tools that make a good school system. That is what the committee has been interested in. I don't think that the committee wants to destroy it. What we want to do is provide enough so that you have the most adequate school system you can possibly have to meet your needs. I think that is the committee's desire. The committee has tried to accept the recommendations of various people. We have particularly listened to the people from Samoa who have been before us on many occasions.

The members of the Legislature of Samoa have been free to express their opinion, and I am delighted to have had your comments.

### EVALUATION SYSTEM FOR ETV

Mr. SUNIA. Not many people know that they have developed a feedback system which is very effective. What happens is that at the end of each school week there is a feedback that goes from the supervisors of the various schools back to the student. As a matter of fact it happens daily in some courses. If there was a problem or if it appeared to the supervisor, or to the classroom teacher that there was some problem with the lesson, the feedback is immediately sent to the studio teacher, and there will be a correction on the following lesson, or there will be an adjustment in the language, that a certain thing was presented so that there is no misunderstanding by the students of what was said. This I think is one of the most important features of the program that not many people know of.

### MINIMAL ROLE FOR CLASSROOM TEACHER

Mr. FUIMAONO. We started to initiate the program for the television education. I do not object to television as a tool as a part of the education system. My objection is based on the television as a whole. The information you have received is all on the overall educational program. Much of the correspondence reaching the Interior Department is on the part of education. I believe just what you have said, Madam Chairman, that no one can replace a classroom teacher. No machine can replace a classroom teacher. The whole education system was televised. There was no classroom teacher allowed to teach or say anything to his students in the classroom. This is a fact.

Mrs. HANSEN. Is that true currently?

Mr. FUIMAONO. That is true right from the beginning. I think 2 years from now they will try to change that, but the whole educational system was televised from the studio, and no one in the classroom—I agree with the Governor there are teachers in the classroom but they have nothing to say. They have papers to pass to the kids after every class 40 to 45 minutes. That is the only time the classroom teacher comes along and passes papers to the kids, to follow up. If a studio teacher makes one mistake, 1,600 kids make that mistake. This is my objection to the system. I believe, I am not sure because I don't know, I am here and I don't know what is going on at the present time, but there were no books in the classroom. The whole thing was televised and everything is from the studio.

Mrs. HANSEN. I can understand. But in the beginning you didn't have an adequate number of textbooks in Samoa. That was your problem.

Mr. FUIMAONO. We do have textbooks, Madam Chairman. I was with the education department. We do have textbooks that we order through the series of books that are used in the mainland schools.

Mrs. HANSEN Yes, but you didn't have many of these books in 1964, because you didn't have very many schools in 1964. You were just beginning the school building program at that time as I recall. The educational TV was to be one of the tools, and to be supplanted eventually. The Senator has just stated that there are classroom teachers in every classroom. Isn't this correct?

Mr. FUIMAONO. There are classroom teachers but they are not allowed to teach. This is the policy.

Mrs. HANSEN. The Senator disagrees with you.

Mr. FUIMAONO. This is the policy. The followup papers from the studios are given to the classroom teacher to pass on to the kids after every classroom lesson that is taught by the studio instructor at the studio. The only time that the classroom teachers participate is to give out papers to the kids to follow up this instruction from the television teacher.

Mrs. HANSEN. Are you from Samoa?

Mr. WOHLFIELD. No, I am not. I plan to appear before the committee next week. However, I do have certain comments which you may want to hear in continuity of what you are discussing, as former acting director of education in Samoa.

Mrs. HANSEN. Let the Senator speak first and then make your comments rather brief.

Mr. SUNIA. I was just going to say, Madam Chairman, that perhaps the committee ought really to conduct a hearing into what is actually the situtiou.

Mrs. HANSEN. The authorizing committees are the proper committees to hold overview hearings such as you recommend. This committee has tried very faithfully to provide funds so as to provide you with the best type of education as we can. I think the very fact that you are able to raise $17 million in your own revenue speaks rather loudly for some of the success you have had.

The fact that you have almost all your children in school speaks rather loudly for the fact that you have not been denied funds for schools, nor have you been denied funds for buildings. I would think it should be the educational specialists that make the educational policy for Samoa. Do you have a director of education, Governor Haydon?

PRESENT DIRECTOR OF EDUCATION

Governor HAYDON. Yes, ma'am.

Mrs. HANSEN Who is your director?

Governor HAYDON. Chief Nicolai Pula, a Samoan, who has been with the education system some 40 years.

Mrs. HANSEN Where did he receive his training?

Governor HAYDON. In Samoa I believe. Senator Sunia, you know this better than I do.

Mr. FUIMAONO. Philippines.

Governor HAYDON. He is the first Samoan director of education.

Mr. MCKAY. What degree does he hold?

Mr. FUIMAONO. I don't believe he holds a degree. He is a teacher of 40 years. He is a certified teacher. He began teaching in Samoa, I would assume, in a pastor school 40 years ago.

Mr. SUNIA. It was before my time.

Mr. MCKAY. How old a man is he?

Governor HAYDON. He will be 65 in June.

VIEWS OF FORMER ACTING DIRECTOR OF EDUCATION

Mr. WOHLFEID. I will keep my remarks very brief. I speak from personal experience having worked in Samoa and here in Washington as both an educator and administrator. My wife is also involved in the educational system. I would like to reiterate what Delegate Fuimaono has said.. My personal experience unless it has changed drastically I would say the educational TV system today in American Samoa is shortchanging the students.

The questions raised by the committee are very pertinent but one thing is missing I think. No one has asked about the test results, how well are the students doing. It is very well to ask about student ratios a[illegible] pupil teacher ratios and how much money is being spent but I think the final result is how well the kids are learning. In 1969–70 Shram report that Mr. Carpenter referred to they indicatea that actually after 5 years of TV the test results showed a decline in attainment. This shoved the students were doing worse after 5 years of ETV than at the beginning before they had ETV. There are many reasons for this obviously. Some of them Chief Fuimaono touched on. Teaching is done by rote in a very artificial manner. There isn't a conversational effort of teaching English. It is all programed in, and the classroom teacher as attested to by my own wife is programed so she can't go beyond what the written page says they will cover for that lesson.

I think another true test of how well the schools are doing is where are the kids going to school who have an option of going there or elsewhere. As indicated by Mrs. Patsy Mink in her letter to you, Madam Chairman, apparently many of the small children's parents are so concerned that they go to Hawaii or the United States to get a better education. In the case of those stationed in Samoa I daresay none are going to there per se. They are going to Fia Iloa and Samoana and schools off the island. I think this is a real indictment of the system. I think this is a real indication of whether the schools are attaining what you and I as parents would expect them to attain.

Mr. VEYSEY. Madam Chairman, I would have to say I don't doubt what the gentleman says, but it is also a sad fact in California that test scores have declined over quite a period of years, and I don't know how to explain that.

[Discussion off the record.]

Mr. McKAY. You indicated your present administrator was 65 or over?

Governor HAYDON. Yes, sir.

Mr. McKAY. Will he be retiring?

Governor HAYDON. This year.

Mr. McKAY. Then you have an opportunity to make an adjustment as the chairman indicates, if that is possible.

### ACCREDITATION OF SCHOOLS

Are your schools presently accredited or are they on a temporary accreditation?

Governor HAYDON. Our high schools are on one year temporary accreditation.

Mr. McKAY. What is the bar to full accreditation. What are the items that they bring up to you as to why they can't be fully accredited and you can only be temporary accredited?

Governor HAYDON. I think primarily, particularly in the case of Samoana High School, which is our downtown high school, too much teacher load, not a sufficient number of teachers with proper degrees, traced right back to the fact that most of our Samoan teachers are not certified like stateside teachers. Tom is president of the PTA and I think he can add to this.

Mr. MAHAR. I am not president but I am a member of the Fia Iloa PTA.

Mr. McKAY. You don't look like a native father.

Mr. MAHAR. Five boys, sir.

Mr. McKAY. I know, but I am talking about the native Samoan.

Mr. MAHAR. He is speaking of the Samoana High School. I have reviewed the accreditation document of the Samoana High School. Weak administration is one of the things that they pointed out.

Mr. McKAY. Weak administration?

Mr. MAHAR. That is correct, sir.

Mr. **McKay.** Yet 13 of our stateside people are administrators. Are they all certified people?

Mr. **Mahar.** Let's clarify that. I think a number of those people would be in the television.

Mr. **McKay.** Those 13 administrators would be in television?

Mr. **Mahar.** Not necessarily all administrators. They could be TV technicians and engineers.

Mr. **McKay.** They aren't administrators of anything.

Mr. **Mahar.** They are not classroom teachers, but within the high school I think that it is totally in the hands of Samoan administration. Again I think there is a problem of lack of experience in administration. I know that this was one of the weaknesses that I felt could probably contribute the most to other problems. Better experience in the field could correct a lot of other things such as public relations.

### STATESIDE TEACHERS

Mr. **McKay.** Those who come from stateside of your teachers, what is the tenure of time they stay, and what are their degrees?

Governor **Haydon.** We require, though it is not always met, 2 years of teaching and a teaching certificate. The contract is for 2 years.

Mrs. **Hansen.** Various States have various certificates. Which standard of certification do they use? Do they use the State of California, the State of Oregon, or the State of Washington?

Governor **Haydon.** The bulk of our recruitment of teachers is done on the west coast: California, Oregon, Washington, and Hawaii.

Mrs. **Hansen.** So they must be an accredited teacher and be certified in their own State. As you are well aware, you don't obtain a teacher's certificate, certainly in my State and in California, unless you have finished 4 years of teacher training for elementary. For the secondary, it is 5 years.

Governor **Haydon.** It is true, however, Mrs. Hansen, that teachers have been hired in American Samoa who have not had 2 years of teaching experience, or who do not have a teaching degree, simply because there was a shortage of teachers at a given time and there weren't people available.

Mrs. **Hansen.** There is no shortage of teachers now.

Governor **Haydon.** In our current recruiting, I believe we have something like 1,500 applications for a fairly small number of jobs that will be open.

Mrs. **Hansen.** You have indicated the stateside teachers are on a 2-year contract. Do they stay the 2 years and then leave?

Governor **Haydon.** Many leave at the end of 2 years. I will insert a statement in the record.

[The information follows:]

There are currently 46 contract classroom teachers. All contract teachers are certified. The average length of service of contract teachers in Amerian Samoa is 2.5 years.

All four public high schools are on probationary (1 year) accreditation status until June 30, 1974. The Community College is a candidate for accreditation status. The accrediting agency is the Western Association of Schools and Colleges Accrediting Commission.

Mrs. **Hansen.** Do you have the information on your total number of teachers?

Governor **Haydon**. There are 170 teachers in early childhood education—336 in the elementary system, 118 in the high schools, and 44 in the community college.

Mrs. **Hansen**. I would guess the number of teachers you have is not sufficient for the number of pupils.

### INCREASING LOCAL REVENUE

You show an increase of $25,337,000 to $31,290,000 in total local appropriations. What accounts for this increase? Is that the increase in your taxes?

Governor **Haydon**. The biggest jump is in the way our local revenues are going up. Our request to the committee is the same, so that the increase itself is based on local revenues.

Mrs. **Hansen**. Please explain your various "excess revenues."

Mr. **Mahar**. Mrs. Hansen, let me also mention that we are prepared to submit a revision of this page and the next one for the record, because we just had an excess revenue appropriation shortly before we came to Washington.

Mrs. **Hansen**. You and the Office of Management and Budget. The committee is continually receiving supplemental budget documents from them as if they didn't know when Congress began and ended. Mr. Wiles, you ought to tell OMB that they ought to abide by the same schedule the Congress has to abide by. You tell them they are slow in submitting budget requests and so very quick on impoundments.

### UNDERESTIMATION OF LOCAL REVENUE

Mr. **Mahar**. The explanation of excess revenues is simply that in fact we have done a poor job of being able to project our local revenues at the time we prepare our annual budgets.

Mrs. **Hansen**. Why?

Mr. **Mahar**. We have looked into this and just recently prepared a report ourselves on why. The whys are many.

Mrs. **Hansen**. Such as?

Mr. **Mahar**. Poor records, not being able to really understand our sources of revenue as well as we ought to. This is a problem of accounting.

Mrs. **Hansen**. Why after 4 years can't you correct this situation? What is the difficulty?

Mr. **Mahar**. We have in the works a major revision of our accounting program, building a new accounting system within the coming fiscal year. This will help.

Mrs. **Hansen**. Why didn't you do it sooner?

Mr. **Mahar**. It has been worked on. There was in the works a revision of our computer system, and we lost all of the effort at the time of the fire, not to the fire, but to looting. We were actually compiling a program that had been in the works that is entirely lost. A new start will be attempted shortly. This is one of the problems.

### UNDERSTATEMENT OF BANK BALANCE

Another problem is that there was an understatement. There was a loss of the information that we had $1,137,000 in the bank. Actually it was 1972 revenue. We never knew we had it because our accounts didn't reflect it, even though it was in the bank.

Mrs. Hansen. You mean to say you don't even know what you have in the bank?

Mr. Mahar. That is right. Because of this we understated our revenue projections for the fiscal years 1972, 1973, 1974 and indeed 1975 by that amount, because the impact carries over.

Mrs. Hansen. Why didn't you know what was in the bank?

Mr. Mahar. It was caught.

Mrs. Hansen. I know, but any government that doesn't know what they have in the bank is in trouble. What happened to it?

Governor Haydon. Nothing happened to it. It is there.

Mrs. Hansen. I know, but why didn't you find it?

Governor Haydon. We did find it.

Mr. Mahar. We found it, but 18 months or so after it was deposited.

Mrs. Hansen. When was it deposited?

Mr. Meeuwsen. The money was deposited in January 1972. It was accounted for properly and was in the bank but it wasn't recorded properly as tax revenue.

Mrs. Hansen. Why not?

Mr. Meeuwsen. The transactions that were supposed to be made by the tax office staff, in transmitting this information to accounting was not done. This was not caught until about 8 months later, at which time the corrections were made.

Mr. Wiles. I never see the books, Madam Chairman.

### STUDY OF ADMINISTRATIVE SERVICES

Mrs. Hansen. Mr. Carpenter?

Mr. Carpenter. Let me say, Madam Chairman, that we did contract for an outside consulting firm, Cresap, McCormack and Paget, CMP, a group well known in the States, to make a detailed study of the Department of Administrative Services. This study took the better part of 6 months last year, and late in the year we received their final recommendations. We are proceeding to implement these recommendations, which we hope will avoid this type of problem in the future.

Mr. Veysey. What real effect did that have on things, the fact that you didn't know it for a while. What did that do in terms of your requests for money.

Mr. Mahar. In terms of our projections of local revenues, we simply thought we had less than we actually had, and of course as you are projecting along, extrapolating, you have been fooled for a couple of years.

Mr. Veysey. So that this rapid rise in local revenues isn't quite the way it is shown here.

Governor Haydon. That is a very small part of it.

Mr. Veysey. It is what?

Mr. Mahar. $1,137,000. I wanted to make sure you just didn't think it was all negative problems. We also have had the problem of our tax income, for example, simply being a lot better than we expected. The fishing and cannery business has been very good. We have had an income tax audit program last year.

Mrs. Hansen. I would recommend it highly.

Governor Haydon. We had a very intensive income tax audit program for the first time that has added approximately $2 million a year to our local revenues, a great deal of it by voluntary compliance. It hasn't been exactly the most popular program in Samoa, but it was long overdue. The study made by CMP, which Director Carpenter mentioned, calls for a rather extremely extensive revamping of the Department of Administrative Services and even probably more important, a simplification of our systems, and a very heavy training of our Samoan employees. The $1 million was simply a bookkeeping error, no dishonesty or anything else involved. It did put us in the position of not only underestimating, but informing the committee incorrectly in the last hearing that we had here, but the money is there. We do need a lot more training. In Mr. Meeuwsen's department, what is your ratio? Not all of those employees are highly trained, not too many are, and errors are made.

### CAPITAL IMPROVEMENTS FUNDED LOCALLY

Mrs. Hansen. What is your rationale for requesting no Federal funds for construction projects in 1975?

Governor Haydon. Primarily because as I stated in the opening statement, this gives us a greater flexibility on a local basis. The fire itself is the finest example that I can give, things that happen to you unexpectedly. By having the ability to be flexible with the legislature on changing programs at home in Samoa, in the area of capital improvement programs, it seems to us that we save a tremendous amount of time, particularly in cases of emergency. It is a much more flexible way of doing it.

Mr. Wiles. Madam Chairman, I think also those revenues are put into operating programs. As Mr. Vevsey has indicated, you might not be in time for a supplemental and it may make your operating program suffer whereas you can postpone awarding a construction contract and pick it up later.

Mrs. Hansen. This is from your statement Governor Haydon and I want you to read this to OMB, "As you and the Congress well know, the Federal budgetary process is cumbersome and time consuming."

Governor Haydon. Don't quote me.

Mrs. Hansen. It is true.

Governor Haydon. We spend a lot of time making budget.

### GOVERNOR'S OFFICE TRAVEL POLICY

Mrs. Hansen. The Governor's office shows an increase of $36,000 for a total Interior appropriation of $320,000.

Five thousand dollars of the increase is for home leave travel and official trips to the United States. What is your policy in this regard?

Governor Haydon. Those who are on civil service go home every 2 years on 30 days home leave, transportation is paid for them and their family. Those on contract, if they stay on 2 years, the agreement is that their return transportation and transportation for their household belongings will be paid home. The system we use I believe is fairly standard in the territories. It doesn't vary much from the Foreign Service. We try to get good people to stay. They still get home leave. Quite naturally they leave. We are a very small place and a long way away.

### STAFF CHANGES IN GOVERNOR'S OFFICE

Mrs. HANSEN. Please explain the $24,000 increase for personal services. Why is the GS–4 secretary budgeted for 1974 being dropped in 1975?

Mr. MAHAR. We have two new positions in the Governor's office for fiscal 1975. Actually they are not new they are just conversions of funding. The one position is that of an intern, a young Samoan who works in the Department of the Interior, to pick up experience here in Washington. He was funded on local appropriation in the past, and we would like to convert him to Federal appropriation this year.

Another position was the ecologist in the Governor's office. That is now going to be funded by Federal grant, so that offsets a previous position. We have a new position of the financial adviser to the Governor, Mr. Allan Dean. He has joined us from AID on loan and he will be budgeted for the first time in fiscal 1975.

Mrs. HANSEN. I hope he can keep track of checkbooks.

Mr. MAHAR. I think so. One of the reasons he is there, of course, is to help us out. The one position that is deleted, secretary, GS–4, was a man that died in the past year. He was civil service for many years.

Mrs. HANSEN. He will not be replaced?

Mr. MAHAR. He will not be replaced as a civil service employee.

### JUDICIARY

Mrs. HANSEN. You are requesting an increase of $84,000 for the judiciary for a total Interior appropriation of $356,000. Do you want to explain what this involves?

Governor HAYDON. Two additional employees budgeted for the first time.

Mrs. HANSEN. What are they going to do?

Governor HAYDON. They must be clerks. It doesn't list. It just says two additional employees for $9,000, so at the $4,500 level these are secretaries or clerical staff.

Mrs. HANSEN. Are they Samoans?

Governor HAYDON. Samoans.

### COURT CASELOAD

Mrs. HANSEN. You note large increases in your caseloads. How does your budget address this problem?

Governor HAYDON. I would assume that with the addition of some clerical help that they feel they can handle the caseload without any significant increase in budget for that purpose. The judiciary did not ask for extra funds because of the rise in caseload. I think they feel they have enough.

Mrs. HANSEN. I notice your juvenile cases are up 60 percent.

Governor HAYDON. Fifteen kids, twenty-five kids, and forty kids.

Mrs. HANSEN. To what do you attribute that?

Governor HAYDON. I attribute that to the youngsters returning from Hawaii and the west coast.

We have this past year set up a youth officer and an assistant youth officer, because we have a growing juvenile problem. With a couple of exceptions these are not kids at home. They are kids that have been to the States and are coming back to Samoa.

Mrs. HANSEN. You don't think their education has been too profitable in the States?

Governor HAYDON. No, and they are not necessarily coming back willingly either. They are being more or less forced to come back.

Mrs. HANSEN. Why?

Governor HAYDON. Because I think the shock of moving to a place like Hawaii has gotten some kids into trouble, the same as in California, and in some cases the court or the police are tacitly telling them, "If you want to stay out of jail you better go home." Therefore, it causes a problem for us.

### DEPARTMENT OF EDUCATION

Mrs. HANSEN. You are requesting an increase of $400,000 for the education department for a total Interior Appropriation of $6.4 million. Is this total amount for the education program, or is the local revenue participating?

Governor HAYDON. The local appropriation is $871,000, asked from Interior, $6.4 million.

Mrs. HANSEN. Then your total expenditure will be about $7,200,000; is that right?

Governor HAYDON. Yes.

Mrs. HANSEN. What is the cost per pupil? Do you want to insert the information in the record.

[The information follows:]

PER STUDENT COST OF EDUCATION (000)

| | Students | Operations | C.I.P. | Tota |
|---|---|---|---|---|
| Fiscal year 1974: | | | | |
| Early childhood | 2,700 | $160 | $0 | $160 |
| Elementary | 5,896 | 894 | 89 | 983 |
| Secondary | 2,400 | 1,012 | 101 | 1,113 |
| Community college | 850 | 1,728 | 1,812 | 3,540 |
| Total | 11,846 | | | |
| Fiscal year 1975: | | | | |
| Early childhood | 2,800 | 162 | 0 | 162 |
| Elementary | 6,014 | 917 | 50 | 967 |
| Secondary | 2,600 | 980 | 150 | 1,130 |
| Community college | 900 | | | |
| Total | 12,314 | | | |

Mrs. HANSEN. You have less for travel due to a decrease in new contract employees. Why the decrease?

Governor HAYDON. We do not always have the same number of people going home on leave each year. One year you may have 40 earning leave home and the following year 20. I assume this reflects that.

Mrs. HANSEN. You have an increase of $22,000 for a total program of $229,000 for the University of Hawaii contract. What does this involve?

Governor HAYDON. The University of Hawaii has done all kinds of services for us.

Mrs. HANSEN. Such as?

Governor HAYDON. Teacher training is probably the most important.

Mrs. HANSEN. Do the people from the University of Hawaii come to Samoa?

Governor HAYDON. The largest bulk of our in-service teacher training takes place in Samoa but we have a continuing flow of people not just from education but from other departments going out on scholarship-type programs.

We have people at the East-West Center. We have a masters program at Brigham Young University, and up until this year the University of Hawaii has helped us on recruiting. However, we have discontinued recruiting directly by the Department of Education.

We are doing it through our own Department of Manpower Resources and Education working together. They are also doing testing and development of workshop programs and they are very heavily involved in American Samoa, primarily because there are so many Samoan people living in Hawaii and with their experience with Polynesian people they are fairly capable of understanding their problems and giving assistance to us.

### SCHOLARSHIP PROGRAM

Mrs. HANSEN. Governor, how many scholarships do Samoan young people have available to any college of their choice?

Governor HAYDON. About 80. Our scholarship program at the present time is about $300,000 a year in direct scholarships.

Mrs. HANSEN. Is this adequate to meet the need?

Governor HAYDON. No. I think we should, as we have revenue, steadily increase. We increased $100,000 over last year.

Mrs. HANSEN. This is funded by local revenues?

Governor HAYDON. Local revenues. We frankly will scrounge scholarships any place we can find them because we think they are of that much value.

When we run out of local funds for scholarships we have through the Development Bank the Federal Government scholarships where the parents sign and become responsible and then we have a number of——

Mrs. HANSEN. Are those student loans?

Governor HAYDON. Student loans. We have a number in that program and then we have a number of students going to school financed by their own parents partially and working their way through school.

Mrs. HANSEN. Have your students been successful, say at the University of Hawaii or some of the other schools?

Governor HAYDON. I think they are doing a lot better than they were doing. If you recall, two hearings ago I reported that we had sent a team to the States and had interviewed all of our scholarship student and had pulled some 86 out of the program because they were either not attending, not achieving, or carrying only a couple of hours a week and that sort of thing.

Mrs. HANSEN. Some of our Indian scholarship students have had some difficulties adapting to the university environment, as Mr. Wiles knows. So the committee provided additional funds for an experimental program in counseling.

What kind of counseling program do you have for your young Samoan people?

Governor Haydon. Well, I know it isn't easy for them at all because some of our students are the only Samoan students in a particular college or university where they are located and they miss family life and it is quite a shock to them.

The first counseling is from the school staff itself and then we have had our scholarship officer making periodic visits to the United States for two reasons, to talk to the youngsters and to find out whether or not they are applying themselves and utilizing the money because there are others who would like to be on that list.

In addition, both our director of education and our deputy director of education, Mrs. Mere Beetham, have done a great deal of visiting this past year.

Each educational conference they attend they make a point of picking an itinerary that hits some of the universities or colleges where our youngsters are and talking to them, finding out if they have problems and doing what they can to help them.

The results since we revamped the scholarship program I thought were fairly noticeable. We had 16 degrees granted a year ago and I don't know how many we will get this June but that was from zero the year before.

So obviously it is doing some good. We will continue to have youngsters who do not do too well, but I would say by and large the youngsters are doing pretty good.

### GOVERNMENT OF AMERICAN SAMOA PAY SCALE

Mr. Wyatt. Madam Chairman.

Mrs. Hansen. Yes.

Mr. Wyatt. I have to go to my other subcommittee at 3 o'clock and if I may I will ask a question perhaps out of context.

I was hoping the President or the Speaker would be here and perhaps you could answer the question, Senator Fofo Sunia. It has to do with the sufficiency of the civil service pay scale in Samoa. Is it high enough, Senator?

Mr. Sunia. You are inquiring of the government of American Samoa?

Mr. Wyatt. Yes, the civil service pay scale.

Mr. Sunia. We have had a study by the same group the Governor mentioned of the entire pay scale of the government and several recommendations were made, including one which would make a readjustment of the salaries as we go along.

Governor Haydon. Congressman, we implemented the first phase of the cost of over a million dollars last year and this budget contains $1,100,000.

Mr. Wyatt. Implementing the second phase.

Governor Haydon. Yes, the second of salary increases. These are not U.S. Civil Service. These are GAS, Government of American Samoa. What the study basically showed was that in the middle class, blue collar type of workers, there was a great deal of inequity between wage grades, and a single system of salaries was set up, 29 steps with incremental increases.

Mr. Wyatt. Is this the second of 29 steps?

Governor Haydon. No; there are 29 grades in the government as there are so many grades in the U.S. Civil Service.

Mr. WYATT. How many more steps are there to go to implement the plan, Governor?

Governor HAYDON. This second one will implement it unless we start thinking about what is happening to the economy everywhere and then we are going to have each year——

Mr. WYATT. The next question is how adequate this study was and this program was in view of the ever-increasing cost of living. I assume you are affected by the cost of living as we are everywhere in the world.

Governor HAYDON. Exactly. That work done by our Department of Economic Development and Planning shows that prices have gone out-of-sight in Samoa just as they have in the States and the second phase should be implemented now.

Mr. WYATT. Does this committee have a copy of that study that was made?

Governor HAYDON. No.

Mr. WYATT. Could you furnish one for the file, not for the record, so the committee will have a copy of it?

Governor HAYDON. Yes.

Mr. WYATT. I wonder if at this point in the record, if you have anything further to say, if you would insert relative to how up-to-date the study is in view of the rapidly rising cost of living, and, Senator, I wonder if you would feel free to insert anything in the record about the study or how current it is that you might care to do.

You can furnish it for the record, too.

Mr. SUNIA. I will do that.

[The information follows:]

## GAS COMMENTS CMP PAY-SCALE STUDY

Phase I of the reorganization of the Department of Administrative Services was implemented as a direct result of recommendations by consultants Cresap, McCormick and Paget. The only modifications are:

1. Variable post differential payments proposed had a delayed implementation because of complexity.

2. Use of "qualifying zones" was not practical and instead GAS has established training and entry-level grades in newly developed career ladders.

3. The concept of creating a department personnel committee was rejected in that it was felt an additional layer of authority was too much.

Due to the implementation of phase I, personnel reclassification actions and other requests have been reduced by 65 percent and with the implementation of the variable post differential, problems of inequities shall be virtually eliminated.

It is the opinion of GAS that the recommended system changes are working and will be viable for many years to come.

## STUDY OF RISING PRICES IN AMERICAN SAMOA

The Office of Economic Development and Planning has been collecting information toward the development of a consumer price index for the territory. During calendar year 1973, prices were collected from the various outlets on the last month of each quarter. GAS had collected price data for the first three quarters and was just about ready to collect for fourth quarter when fire destroyed the office. As the information collected and compiled up until then was never made public, all the material and backup data stored was unfortunately all lost. While there is a lack of supportive data for the three quarters, GAS has (primarily from memory) prepared the following information:

### *Market Basket*

The market basket covered food, housing, apparel, transportation, health, and recreation. The choice of items representing each of these groups was made on the basis of the U.S. market basket. Although changes were made to reflect local buying habits and local conditions, a total of 50 items were selected to compose the market basket and these items were kept essentially unchanged in the index calculation so that any movement of the index from one quarter to the next would be due solely to changes in prices. Expenditure weights were developed and assigned to each of the groups; i.e., food, housing, apparel, et cetera, utilizing a number of sources, the primary one being the "General Statement of Articles of Import of Merchandise (from all countries) into American Samoa." Since a large proportion of consumers expenditures are from imported items, having data for consumer items imported made it possible to develop expenditure patterns. For example, food was given an expenditure weight of 44.29; or expressed another way, 44.29 percent of the local consumers' income is spent on food items. This compares with about 20 percent in the United States. Several food items similar to United States market basket were included in the market basket in order to permit not only comparison in price changes from time to time but also from place to place.

*Consumer Price Index*

As price data for the three quarters were collected price comparisons were made with the first quarter prices serving as base-period prices. Between the first and second quarter, food prices showed the highest increase while prices for other groups, i.e. housing, apparel, transportation, et cetera, showed minor increases or remained the same. The all item index, however, went up 10 percent, indicating that food prices must have increased by more than 10 percent.

Between the first and third quarter, food prices again increased while other subgroup items either remained at the same level or showed actual price decreases. The all items index went up 15 percent, again indicating that food prices must have increased by more than 15 percent. The 15 percent increase represented an increase of 5 percent between the second and the third quarter, or 15 percent between first and third quarter. While we lack supportive material, all indications are that food prices are increasing and will continue to do so for some time.

We might mention that the Government of American Samoa is again collecting price data for the CPI. This study will be made available to the committee when it is completed.

Mr. WYATT. Thank you, Madam Chairman.

## NEW COMMUNITY COLLEGE

Mrs. HANSEN. An increase of $97,000 is requested for maintenance, moving expense, and alterations, for a new community college.

Governor HAYDON. Yes. The negotiations with the church are proceeding right now. It is going to take about $150,000 for moving, for the transition. The community college has been, as you know, in some old, very, very rundown, I believe, almost condemned buildings. They are condemned. And the costs of moving and some library costs, maintenance costs, and so on, moving that whole student body out to the Mapusaga facility.

Mr. MCKAY. What is the status of your negotiations with the church at this point?

Governor HAYDON. Congressman, the church has been very cooperative and they are now finalizing the document and their attorney and our attorney and our contracting officers we expect—it is due in about 1 week, the final document. They are closing down their high school, as you know, and they will begin moving out shortly after June 1 and we start our procedure——

Mr. MCKAY. So for all intents and purposes, your negotiations are final, outside of your legal details.

Governor HAYDON. Outside of the legal document itself the negotiations are over, yes.

Mr. MCKAY. So you obtain the school property there.

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Governor HAYDON. We obtain the campus. We are buying all of the buildings, leasing the land for $1,000 a year for 75 years, and that includes 20 acres for expansion of the present facilities, because we believe our community college is going to grow.

Mrs. HANSEN. Who owns the land?

Governor HAYDON. The church.

Mrs. HANSEN. Why didn't they sell the land?

Governor HAYDON. They don't want to.

Mrs. HANSEN. Isn't $1,000 a year kind of expensive?

Governor HAYDON. No. For nearly 40 acres of land it is a fairly cheap rental.

Mrs. HANSEN. What would your property taxes be during that time?

Governor HAYDON. None. We don't have a property tax.

Mr. MCKAY. They wouldn't get any property tax out of it the other way.

Mrs. HANSEN. Does the church pay any property tax?

Governor HAYDON. Nobody pays property tax.

Mr. MCKAY. The church has been putting in funds and jobs, and setting a pace in education for Samoa for years to benefit the people.

Governor HAYDEN. To look on the bright side of it, the Westinghouse educational division—I have forgotten its complete name—did a study of the needs of the Community College in American Samoa.

Mrs. HANSEN. I am just asking you why you should pay $1,000 a year lease on some land.

Mr. MCKAY. They say they don't own it.

Governor HAYDON. Because we don't have the land. They just don't want to sell it. We feel the needs of the Community College are a lot more important than getting into a court battle through condemnation, say.

### LIBRARY SERVICES

Mrs. HANSEN. How much library material do you have in Samoa? I strongly suspect your major emphasis might be on television without considering your library facilities.

Governor HAYDON. We built one new library building.

Mrs. HANSEN. How about your supply of books?

Governor HAYDON. The statistics would show a jump from approximately 55,000 books circulated a year ago, 68,000 this year, and up to 75,000 next year. Acquisition seems to be holding, 16,000 to 17,000 new books a year, about a 20-percent increase. I really am quite proud of the job that our librarian has done down there.

We have gotten branch libraries set up in the high schools and in some of the elementary schools. As you know, books take an awful beating in our kind of weather in Samoa and there is a lot of involuntary destruction of books, but a new main library is planned for fiscal year 1976 for the downtown area to replace the present main library which is part of the Samoana High School campus.

The librarian has established the bookmobile, even providing reading materials over in the hospital. I am sure that we would always be able to use additional books. I don't know of any place that doesn't. All of us who live in Samoa when we are done with books and magazines send them to the Community College or they go to the library or they go to each other first, but I do feel the library group under Mrs. Council is making real progress.

HEALTH SERVICES

Mrs. HANSEN. You are requesting an increase of $200,000 for health services for a total Interior appropriation of $3.3 million. You are requesting 11 additional positions, most of which are professional or semiprofessional.

Do you expect problems in recruiting these people?

Governor HAYDON. Yes, to some degree.

Mrs. HANSEN. Why?

Governor HAYDON. Primarily because people at least in some of these positions are able to make a great deal more money in the U.S. mainland than they can in Samoa.

Mrs. HANSEN. What salary does a doctor receive in Samoa?

Governor HAYDON. $28,000, $29,000, $26,000, in that general area. $26,000 to $28,000.

Mrs. HANSEN. Are these civil service employees?

Governor HAYDON. No; contract.

Mrs. HANSEN. What do you do to encourage these professional people to remain in Samoa, because if you are not a civil service employee you are not provided with a retirement system. Also what steps is Samoa taking to provide a retirement system for their own Samoan teachers?

Governor HAYDON. I would like to see a lot of young students in medicine, but it is not a very popular vocation among Samoans. At the present time we have only three students in the Figi School of Medicine. We have our first Samoan doctor, a surgeon, now working for the hospital in Samoa and he has told me he feels that probably his prime responsibility is to try and sell young people on the value of taking up medicine as a profession.

Mrs. HANSEN. Is it something that is just not part of their culture that they don't want to enter the medicinal field?

Governor HAYDON. I think a youngster looks at the amount of time he has to invest in becoming a doctor and is somewhat dismayed by that very long period of time. We have had more luck with lawyers, to tell you the truth. We have had nine, two of which have already been graduated, and more to come. That program seems to be a great deal more successful than the field of medicine.

Mrs. HANSEN. Do you have scholarships for your medical students?

Governor HAYDON. Yes, and our scholarship program is spread fairly broadly and we try to not force students into studying what the Government wants them to study.

Mrs. HANSEN. No; I understand.

Governor HAYDON. But just to point out the opportunities that are available.

Mrs. HANSEN. Some people are discouraged about entering medicine because of the tremendous cost and the time investment. Governor Haydon, do you have a retirement system?

Governor HAYDON. Yes; our retirement system is now 2 years old and was put into effect 2 years ago.

Mrs. HANSEN. So by the time a young person did get into a program he would be guaranteed his retirement?

Governor HAYDON. Yes. It took about 2 years of work to get the retirement system going but it started 2 years ago and a number of people have retired and opened up jobs.

### INCREASED COST OF DRUGS

Mrs. HANSEN. There is a $65,000 increase requested for increased cost of drugs and supplies. What percentage cost increase for these items have you experienced in recent years?

I don't think you read your justifications very thoroughly.

Mr. MAHAR. Could we suppy that for the record? You want to know the increase we have experienced over the years; is that right?

Governor HAYDON. I can't give a percentage figure. They keep going up and up and up.

Mrs. HANSEN. Give us some figures for 1969, 1970, 1971, 1972, 1973, 1974, and 1975, so that we can get an index of what the cost factor has been in the costs of your drugs and supplies.

Mr. MAHAR. We estimate an increase of 22 percent over the current year.

Mrs. HANSEN. Of course so that your figures are reliable you have to consider the number of patients that you have had in your hospitals during those years.

[The information follows:]

*American Samoa Per Patient Costs of Drugs in the Hospital*

| | |
|---|---|
| 1964 | $1.73 |
| 1965 | 1.56 |
| 1966 | 1.64 |
| 1967 | (1) |
| 1968 | (1) |
| 1969 | 1.39 |
| 1971 | 1.75 |
| 1972 | 1.49 |
| 1973 | 1.76 |
| 1974 | 1.54 |

[1] Not available.

### DEPARTMENT OF ADMINISTRATIVE SERVICES

Mrs. HANSEN. You are requesting a $495,000 increase for administrative Services for a total Interior appropriation of $1,921,000. What does this entail?

Governor HAYDON. Since our Director of Administrative Services is here, as we did last year may I ask Mr. Meeuwsen to comment on his own department.

Mr. MEEUWSEN. Most of these increases are related to staff increases. We have in the various operations nine additional personnel, some in accounting, and some in material management, and so forth.

Mrs. HANSEN. You have an increase of $159,000 for: "Added staff and normal salary increases." You are adding nine local employees?

Mr. MEEUWSEN. We are adding nine local staff, that is correct.

Mrs. HANSEN. What type of work does this involve?

Mr. MEEUWSEN. This is mostly clerical, accounting and clerical, janitors, and so forth.

Mrs. HANSEN. You also have a $13,000 increase for contract employee turnover, off-island training, and conference travel. Is that a normal cost of living increase?

Mr. MEEUWSEN. It is a normal increase. We are trying to get more training for the employees. One of the big problems has been the training and the idea here is to try and get more off-island training and most of this increase is for a tax program. We have a system worked out with IRS in these programs that we have to pay for the cost of travel and subsistence while they are gone there.

### DEPARTMENT OF LEGAL AFFAIRS

Mrs. HANSEN. You are requesting an increase of $127,000 for legal affairs for a total Interior appropriation of $327,000. What does this entail?

Governor HAYDON. I think these are just normal changes and normal salary increases, Mrs. Hansen.

We have one contract up that is not a renewal and then we have expenses involved in recruiting.

Mrs. HANSEN. Do you have free legal services for the Samoan people?

### SAMOAN PUBLIC DEFENDER

Governor HAYDON. We have a public defender with a small staff to——

Mrs. HANSEN. Who appoints the public defender?

Governor HAYDON. I guess I do. In fact it is a woman.

Mrs. HANSEN. Great.

Governor HAYDON. Our internal auditor's wife has a law degree and we were fortunate enough to have her on the island, so she handles the Office of Public Defender and has done a very good job of it. She is backed up by legal assistants who are Samoans.

Mrs. HANSEN. I notice there is a 50 percent increase in your civil cases. What is the reason for this increase.

Governor HAYDON. The numbers again are small, from 15 to 20 to 30. Why there should be an increase I don't know, but the numbers are quite small.

Mrs. HANSEN. I know, but when you compare it to 15 in 1973, it is doubled over 1973.

Governor HAYDON. Without meaning to be facetious it could be that people are learning to file cases more——

Mrs. HANSEN. Sue each other?

Governor HAYDON. Sue each other more often, although we have no lack of legal cases in Samoa.

### DEPARTMENT OF PUBLIC WORKS

Mrs. HANSEN. You are requesting an additional $1,376,000 for the department of public works. Do you want to explain this?

Governor HAYDON. The rising budgets in Samoa, particularly the rising capital improvement programs, have created an awful lot of problems in trying to end the year up without excessive carryover. It is largely due to the lack of skilled personnel, particularly engineers, architects, and highly talented people who can do construction supervision, complex work. The bulk of the people that public works needs are in this category, architects and designing engineers, supervisory people at a very high level of skill. They are not easy to get, for us to meet pay scales in the United States.

Mrs. HANSEN. How many miles of road do you maintain? No Interior appropriation was made for public works last year. What is your rationale for including it this year? Is your construction program being funded by local revenue?

Governor HAYDON. Right.

Mrs. HANSEN. What is the local construction budget?

Governor HAYDON. $6,643,000. That is local money, plus $2,300,000 in anticipated Federal grant programs for a total of $8,950,000.

Mrs. HANSEN. Your department of public works is responsible for the managerial part of the construction?

Governor HAYDON. Yes.

Mrs. HANSEN. So you are going to have $1 million to manage $9 million literally.

Mr. MAHAR. And to maintain what is already in existence. And administration. In answer to your previous question about the miles of road, we have in being right now 42.5 miles of primary road, 13 miles of secondary road, and 3 miles of pioneer road. To this will be added in fiscal 1975, 6 miles of primary road and another 6 miles of pioneer road.

HIGHWAY MAINTENANCE

Mrs. HANSEN. What part of this $1 million goes into highway maintenance?

Mr. MAHAR. Our figure for fiscal 1975 is $142,000, the direct cost for highway maintenance.

Mrs. HANSEN. About $3,000 a mile, is that correct?

Mr. MAHAR. $3,000.

Mrs. HANSEN. Your roads aren't particularly easy to maintain, are they?

Governor HAYDON. They aren't. A 10- or 12-inch rain, particularly on roads that are not paved, and your two colleagues can testify to what the rain does, because they stood in one of the heaviest I had seen in some time.

Mr. VEYSEY. We were treading water, Governor.

Governor HAYDON. We all got drenched in no uncertain terms, but I wish that we could pave every road in Samoa, because our maintenance cost would go down tremendously. As soon as we pave it, we quit losing the road so quickly.

PLANNED CONSTRUCTION TO IMPROVE TRANPORTATION

We are trying some less costly methods on some of the flatter roads, using a mixture of asphalt and aggregate, but not complete paving. We are having some success with this, also some failure with pot holing, but although it caused a little laughter to talk about 3 miles of pioneer road, those miles represent to a lot of us something that is pretty significant. This is the beginning of roads to the 8 villages on the north shore which have never had roads in their entire existence.

Those pioneer roads, there are three segments now under construction, 3 miles from Afono to Vitia, about 2 miles now finished or hacked out from Afono coming over the hill over the mountain and the road from Poloa into Fagamalo are being built to Federal highway modified standards for American Samoa, and eventually in future years will be paved. At that time those eight villages on that side will have roads and will no longer have to go through the reef, along with the construction of harbor at Ofu which is well under way, and one at Tau which will start when this one is done, an airstrip at Ofu, a private airstrip already in on the Island of Tau and the causeway between Olesega and Ofu, and ultimately a small harbor at the Island of Aunuu means that never again will anybody have to go through the reef in American Samoa in a boat and go upside down. We are assured of two or the three harbors, and see no reason why we won't get the third harbor.

That was the occasion for the Congressmen's visit, to do the groundbreaking at the harbor at Ofu and see the first earth come out. For a harbor which is costing $1.5 million, consolidation costs alone to the contractor, were some $300,000. It gives you an idea of the difficulty you have with that kind of project. These are very small harbors, but they will eliminate the reef business.

## INCREASING CONSTRUCTION COSTS

Mrs. HANSEN. What cost increase have you experienced in your various construction programs in the past year?

Governor HAYDON. Actual percentages we would have to supply, but our bids are certainly coming in much higher than the jobs were estimated when they were laid out some months ago. I think this is a common pattern everybody is running into. People are getting very unwilling to even bid on jobs because of the rising costs of materials, lumber, cement, pipe and all the rest of it.

[The information follows:]

## Increase in Construction Costs

The recent history of construction project cost growth and examples of cost increases within the last two years are as follows: Overall costs of construction have increased from 30 to 35 per cent over the last fiscal years. Average standard home construction costs have risen from $15.00 per sq. ft. in FY 1972 to $20.00 per sq. ft. in FY 1974. In FY 1972, the construction costs for a learning resource center were approximately $90,000. In FY 1974, it is estimated that the construction costs for an identical structure would be $125,000. Other examples of cost increases related to construction are as follows:

| Labor: | FY 1972 | FY 1974 |
|---|---|---|
| Minimum wages for construction workers | $.90 per hr. | $1.05 per hr. |
| Construction materials: | | |
| Cedar shakes (roofing shingles) | $3.26 per bundle | $11.26 per bundle |
| Cement (120 lb. bag) | 2.00 per bag | 3.10 per bag |
| Asphalt (42 gal. drum) | 32.00 per drum | 55.00 per drum |
| Lumber (per board ft.) | .18 per ft. | .32 per ft. |
| Heavy Equipment Rental: | | |
| D-R tractor | $35.00 per hr. | $45.00 per hr. |
| Dump trucks | 8.50 per hr. | 11.00 per hr. |
| Back hoe | 8.00 per hr. | 13.00 per hr. |
| Drag line | 20.00 per hr. | 25.00 per hr. |

In addition, during FY 1973 freight shipping rates from New Zealand were increased 17 per cent, shipping rates from Japan were increased 30 per cent.

In January 1974, freight shipping rates from U.S. sources were increased 23.5 per cent with an additional assessment of $66.40 per ton for "special handling" of general cargo.

## SAMOAN CONSTRUCTION INDUSTRY

Mrs. Hansen. Aren't most of your bids from off the island?

Governor Haydon. For big jobs, yes.

Mrs. Hansen. Do you have some local contractors that you are developing for smaller jobs?

Governor Haydon. Limited. We have some local contractors, but rather than their growing in number actually they are decreasing in number.

Mrs. Hansen. Why?

Governor Haydon. They don't seem to be succeeding at this business. They don't seem to be making money at it. They are not equipped either by expertise or actual physical equipment to handle a job that is a million dollar harbor.

Mrs. Hansen. You developed expertise on a $25,000 job that one can handle.

Governor Haydon. We have only two—Senators Sunia, correct me because he is fairly familiar with this—Samoa Construction Co., and Peni Poumele Construction Co., and Bill Satale, and one Palagi, so we have four. I think we had about seven a year and a half ago.

Mr. McKay. What do they generally operate on, public works operations or private housing?

Governor Haydon. Private housing has been a lot of it.

Mr. McKay. The major part of their work?

Governor Haydon. The major part, small buildings. We have tried to get public works to let out to local contractors the small jobs, cut down their own force, construction force, and try to encourage our local firms but expertise is lacking and the ability to get accredited tradesmen, plumbers, electricians, and so on has been very tough. That is why we feel the community college is so important to American Samoa, and the Tufuna skill trade center, to produce electricians, plumbers, and people like this in very short supply. With the amount of CIP work we have going on the men with the most skill are in very high demand, so that the availability of skilled labor is short.

## SEWER SYSTEM

Mrs. Hansen. You operate and maintain the water and sewer system. How many open sewers do you have left in Samoa?

Governor Haydon. We will have to provide that.

[The information follows:]

We have no open sewers in American Samoa. We rely upon septic tanks, cesspools, two sewage treatment systems and most commonly, the intertidal areas of the beach for disposing of body wastes.

Approximately 50 percent of the septic tanks and cesspools may be said to operate improperly or inadequately.

Only 5 percent of the population is currently hooked into the sewage treatment systems which have adequate capacity to receive more than double their current peak flow of 930,000 gallons per day.

In August of last year, I announced a policy designed to encourage individual homes to hook up to our sewer system. Under the arrangements, the government constructs sewer laterals at its expense and it offers to share, 50–50, the cost of connections of individual residences to the sewer laterals. We also allow that the village or individual owner may provide the share of the cost of resident hookups in the form of labor rather than cash. We are off to a slow start so far but we are hopeful that this program will catch on and grow until all individual residences are hooked up.

Governor HAYDON. It is greatly reduced. We put in a new sewage treatment plant at the west end of the airport, and have been hooking up homes in the Tufuna area, again hooking up in the downtown area. In 1969 I think we had 52 pipes of one kind or another draining into the bay. I believe that the bulk of those have been eliminated, but there is not too much what you would call raw sewage going into the bay from homes. No new homes can be built without proper toilet or septic tank facilities. Our major source of pollution of that type really comes from the fishing fleet.

Mrs. HANSEN. How are you managing this problem? That is what I learned Guam about this morning.

Governor HAYDON. We have a harbor patrol group and we fine them, but it is a very tough process, not only human sewage, but bilge pumping and things that you are familiar with.

Mrs. HANSEN. How much oil do you have in the water as a result of oil spills?

Governor HAYDON. We have a constant amount of oil in the water in Samoa in the bay. The rest of our waters are I can say relatively unpolluted and quite clear and clean. The presence of the fleet, if they thought they could get away with it, they would rather pump bilges in the harbor than go out several miles.

Mrs. HANSEN. Do you have an inspector?

Governor HAYDON. We have a standing harbor patrol which cites them as caught. They use a number of techniques by boat, by foot and they ride the tramway and look down. Vessels are all clustered around, and they often can spot it and use the walkie-talkie from the tramway so they can pinpoint the exact vessel which feels it is concealed in the middle and can pump.

Mrs. HANSEN. How do you dispose of your solid wastes? What do you do with those?

Governor HAYDON. Sanitary land fill. I think our costs at present are in excess of a third of a million dollars a year on solid waste disposal.

Mrs. HANSEN. You have to provide for maintenance of your seawalls and storm drains.

Governor HAYDON. Our rain is now back to normal after 1½ years of drought. Damage from excessive rain I think always has been and will be a problem in Samoa and has to be expected. We have had, particularly on the north shore, storms that have caused quite a bit of seawall damage. I believe the U.S. Army Engineers will be making funds available to us in fiscal year 1975 for at least three major projects on the north shore where we have had storm damage.

### IMPACT OF FUEL PRICE INCREASES

Mrs. HANSEN. Are you having any problems with fuel availability? What have been the price increases on your fuel?

Governor HAYDON. It has been a cliff hanger from the time the energy crisis started. We obtained a temporary exemption from the Federal Energy Act, but went under the act January 23 I believe. We have set up a fuel allocation office. We have a single supplier. We are entirely dependent on diesel fuel. We have in miniature the same setup in Samoa that each State has. We have a small State set-aside on gasoline. Since 25 percent of our employment depends on the fish coming into the canneries, we were extremely worried that there wouldn't be fuel for the fishing boats, but subsequent rulings gave them a very high priority, so that so far we haven't suffered any shortage in that area. We are highly dependent on Standard Oil getting a tanker in.

Mrs. HANSEN. Is Standard Oil the only oil company servicing you?

Governor HAYDON. They are the only oil company. While we are by court decision now capable of asking for another supplier, no one is interested in supplying us.

Mrs. HANSEN. What price are you paying?

Governor HAYDEN. Our price has doubled on diesel fuel for our public utilities, without giving you specific dollars and cents.

Mrs. HANSEN. Does your budget reflect these built-in fuel costs?

Governor HAYDON. No. They are absorbed by the revenues of the public utility division. We hope they will be absorbed.

Mrs. HANSEN. If you have to raise your prices on your public utilities, isn't this going to reflect on everybody in Samoa?

Governor HAYDON. It certainly is.

Mrs. HANSEN. I can't see many people enthusiastically endorsing 20th century progress if they are going to have to pay a fantastic sum for the operation of equipment. Aren't you going to have to raise your rates?

Governor HAYDON. At this time we do not plan to raise our rates.

Mrs. HANSEN. What do you propose to do?

Governor HAYDON. I think we need a year under our belt to see how we come out.

Mrs. HANSEN. Samoa is capsule situation of probably what is going on in a great many places in the United States as we move to conform to environmental standards by increasing sewage control and treatment plans. This in itself takes a sizable increase in energy. I don't know how you can decrease the costs if you only have one supplier who is going to charge you exactly what he wants to change.

Governor HAYDON. They have the privilege of using pass through, as you know, and they are doing it.

Mrs. HANSEN. I think they have a responsibility to people also.

Governor HAYDON. As you know, we have been to the Supreme Court with them and have a ruling now that has in effect broken their monopoly in Samoa, but we can't attract anybody else in at the present time because of the energy crisis. You asked about gas and diesel. Gasoline has gone from 39 cents to 51 cents for ethyl for automobiles. Diesel fuel has gone from 12.5 to 25 cents a gallon, and that is to the Government. It has gone higher than that. It is 27 point something to the canneries. This is our powerhouse fuel. That is roughly a 100-percent increase, and it came in three separate stages.

## COST OF OPERATING TELEVISION

Mrs. HANSEN. You are going to find yourselves with some increased costs in operation of your television system as a result of these increases.

Governor HAYDON. We have reduced evening television to one channel and we have figured out every possible thing we could do in Samoa to cut down power consumption in order to save fuel. The price of electricity to Samoan customers is already very, very high, as it is in any small place like this which generates its own power. I personally would hate to see the price of fuel to us become so high that we would have to contemplate a price increase. I don't know how to avoid it if it just keeps going up.

Mrs. **Hansen**. That is exactly why I am asking these questions, because the committee has been for many years trying to bring some progress into the territories, into the Indian world, and some other areas that are not adjacent to urban communities. Now all of a sudden these very poor people whom are just barely moving ahead are confronted with these tremendous price increases. This is what is unconscionable. This is what troubles me about this whole price structure on energy.

Governor **Haydon**. We had hoped that the public utility could show enough of a profit that it would pay at least substantially for its own improvements in the future. With this sort of thing, that isn't going to be very possible, but any member of our legislature here will tell you that the price of electricity is extremely high and always has been. I would really hate to see it have to go higher.

Mrs. **Hansen**. One way to bring a price down is to have more consumers so that you distribute the load. You are not going to have more consumers along the line when the price is going up, isn't this true?

Governor **Haydon**. That is true.

### LOCAL REVENUE FOR FISCAL YEAR 1975

Mrs. **Hansen**. In your justifications you show local revenue projections. What is the relationship between the $16,017,000 "low optimistic" projection for 1975 and the $17,525,000 shown for "basic local appropriations"?

Governor **Haydon**. I am going to let Tom handle that. I believe you have substituted sheets.

Mr. **Mahar**. Yes. The answer to that, Mrs. Hansen, is that the $17 million includes a carry forward of fiscal 1974 revenue in addition to the $16,017,000 projected here to generate in fiscal 1975. We talked earlier about excess local revenues. Indeed we still have some excess from 1974 that will carry forward to help finance the 1975 budget.

### RADIO STATION AGREEMENT

Mrs. **Hansen**. I have a letter dated March 13 from the Delegate-at-Large Mr. Fuimaono. It says:

> Dear Mrs. Hansen: I am enclosing a copy of my latest news release and related materials involving a most controversial issue now before the Samoan people and their leaders. I consider the contract agreement between the Governor and Radio Samoa, Ltd., so blatantly partial toward the latter party, that the governor may just as well give the station to the company.
>
> This is a most unfortunate situation for my people to be subject to an administrator now awaiting judgment from the Civil Service Commission, and even on the outcome of such a decision, there will be more delays with appeals and in effect, more hearings.
>
> Any assistance you can provide in expediting the decision of the Civil Service Commission will be deeply appreciated.
>
> The Samoan people cannot afford to have a Governor whose status and future appear uncertain.

Governor Haydon, do you want to respond to this?

Governor HAYDON. The Civil Service Commission judges' decision has been announced, so I think response to that would be academic.

Mrs. HANSEN. What was the decision, Governor?

Governor HAYDON. I have been exonerated.

Mr. HANSEN. Thank you.

### PRIVATE BUSINESS SERVICES PROVIDED BY THE GOVERNMENT

Governor HAYDON. There is a great deal of controversy every time the government attempts to get itself out of business. We are in the radio business, we are in the garbage collection business, the water business, the electrical business, the asphalt business, the concrete block business. In fact you name the business the government of American Samoa is in it.

We at one time wanted, before there was an energy crisis, to get the government out of the electrical utility business. That was rejected. It is a matter of principle that we do our best to, as you asked earlier, to achieve economic independence, that the government get itself out of business and get private people into business. We were approached 2 years ago by an operator of radio stations in another territory to come into Samoa. I informed Interior of their interest, and began necessary negotiations with them, but after a background check found out that their financial background was sufficiently bad so that we broke off the negotiations.

A Mr. Lawrence Berger of Hawaii, who was a member of the Board of Regents at the University of Hawaii and a long time operator of both radio and television stations heard of those negotiations and in the same fashion approached us and acquired a Samoan partner to hold one third ownership, and began negotiations to acquire our radio station, which is run by the government. Again I informed Interior and we eventually held public hearings. The action is between the Federal Communications Commission and the applicant for the station. Nobody even bothered to come and get the exhibits. It will accomplish two things. It will start to give us, since it is the one media we have which reaches all of the people of Samoa, it at least can clear the government of controlling the most significant piece of the press that we have down there by having it in private hands.

Second, it can achieve rather substantial savings for the government of American Samoa, and it can do so—it is our disaster warning system, it is our lifeline to the people as far as communications are concerned, and the proposed agreement before the Federal Communications includes that those personalized services, and they are very personalized in Samoa at the present time, would be continued under a private operator. It is on a graduated scale, a lease-sale agreement that has been cleared by the Solicitor's Office in the Department of Interior. I have been encouraged by Interior to attempt, in keeping with overall policy, to divest the government wherever we can and it frankly is very, very hard to do.

I now find myself open to these, I am sorry to use the word, ridiculous accusations from the delegate-at-large to the point of having to read in his attorney's brief more than just insinuating that I have a piece of the action.

This is an abominable lie. I have no piece of the action whatsoever. I want to see the government have a free press, save some money, and get itself out of at least one piece of business. The ultimate decision is up to the FCC, and I am sure in their wisdom they will make the right decision.

Mrs. HANSEN. That is where it is pending at the present time?

Governor HAYDON. It is pending at the present time, and that is my answer.

Mr. LONG. As noted on page 12, the U.S. obligation to promote the development, health, and welfare of Samoa arises from a 1900 treaty allowing the United States to establish a naval base at Pago Pago.

What is the present status of U.S. military presence in Samoa?

Governor HAYDON. The military presence in American Samoa is very small. We now have one officer and six men of the U.S. Coast Guard unit and one or two Air Force personnel to handle the MAC flights that come through Pago Pago International Airport. The Air Force did have 35 men there for other purposes, but they phased out completely in September 1973. There is some chance this contingent could return in 1975. We also do some sporadic fueling of naval vessels in our harbor.

Mr. LONG. In order to provide background information for these requests for funds, please provide general data on the Samoan standard of living for the record, including:

1. Average per capita income.
2. Average education level.
3. Number of automobiles registered.
4. Related demographic data.

[The information follows:]

1. Current per capita income of Samoan population exclusive of GAS contract employees in residence is estimated at $650 per year based on 1972 income tax data. This is not useful for direct comparison with stateside because of communal lifestyle and land ownership.
2. Median education level of Samoan population is 8 years based on 1970 census.
3. Current number of registered vehicles follows:

| | |
|---|---|
| Private cars | 2,022 |
| Buses | 136 |
| Taxis | 75 |
| Cargo trucks | 57 |
| Motor bikes | 49 |
| Bicycles | 110 |

4. Population characteristics (1970 census):

| | Number | Percent |
|---|---|---|
| Population total | 27, 159 | |
| National origin: | | |
| Born in American Samoa | 20, 067 | 73. 9 |
| Born in United States | 1, 211 | 4. 5 |
| Foreign born | 5, 873 | 21. 6 |
| Sex: | | |
| Males | 13, 682 | 50. 4 |
| Females | 13, 477 | 49. 6 |
| Ages: | | |
| Under 15 | 12, 879 | 47. 4 |
| 15 to 64 | 13, 612 | 50. 1 |
| 65 and older | 668 | 2. 5 |
| Males, 15 to 64 | 6, 897 | 25. 4 |
| Females, 15 to 44 | 7, 326 | 27. 0 |
| Median ages | | 16. 1 |
| Marital: | | |
| Married, over 14 | 8, 216 | 55. 0 |
| Households: | | |
| Heads of households | 3, 858 | |
| Persons other than wife and children of head | 6, 749 | 25. 2 |
| Subfamilies within households | 691 | |
| Married couples without own household | 452 | 13. 6 |
| Family status: | | |
| Families | 3, 666 | |
| Unrelated individuals | 764 | 2. 8 |
| Income: | | |
| Mean income, families and unrelated individual | 3, 600 | |
| Employment: | | |
| All persons, age 14 and over | 14, 930 | |
| Not in labor force | 6, 540 | 43. 8 |
| In labor force | 8, 390 | 56. 2 |
| Unemployed in labor force | 966 | 11. 5 |

## CLOSING REMARKS

Mrs. HANSEN. Thank you very much, Governor, and thank the staff. I want to particularly thank the members of the Samoan Legislature and the delegate from Samoa for appearing today. We deeply appreciate it.

We always end with controversy in any congressional committee these days, Governor. It is impossible to escape it.

TUESDAY, APRIL 2, 1974.

## TRUST TERRITORY OF THE PACIFIC ISLANDS

### WITNESSES

STANLEY S. CARPENTER, DIRECTOR, OFFICE OF TERRITORIAL AFFAIRS

EDWARD E. JOHNSTON, HIGH COMMISSIONER, TTPI

RAYMAND SETIK, CHAIRMAN, JOINT COMMITTEE ON PROGRAM AND BUDGET PLANNING, CONGRESS OF MICRONESIA

WILLIAM OYLER, PROGRAM AND BUDGET OFFICER, TTPI

FRANCIS M. WILES, DIRECTOR OF BUDGET, OFFICE OF THE SECRETARY

THOMAS O. REMENGESAU, DISTRICT ADMINISTRATOR, PALAU, TTPI

CAPT. RICHARD Y. SCOTT, U.S. NAVY, DIRECTOR, OFFICE FOR MICRONESIAN STATUS NEGOTIATIONS

### INTRODUCTORY REMARKS

Mrs. HANSEN. The committee will come to order. This morning we have the Trust Territory of the Pacific Islands. We have as our principal witness Mr. Edward E. Johnston, the High Commissioner.

### GENERAL STATEMENT OF MR. JOHNSTON

Mr. Johnston, you have a general statement. I know that Representative Setik also has a statement.

Mr. JOHNSTON. I could proceed with mine, Madam Chairman.

Do you wish me to read the statement or summarize it?

Mrs. HANSEN. Summarize it and place it in the record.

[The statement follows:]

Madam Chairman, once again, we of the trust territory welcome the opportunity to appear before this committee to present and discuss with you our fiscal year 1975 budget request. This budget totals $61 million, including $1 million for our economic development loan fund. The request includes $50,843,000 for "Operations" and 9,157,000 for "Capital improvements."

This budget reflects priorities established by the people of Micronesia. It was initially compiled in our six administrative districts and has been reviewed by the district administrators, the district legislatures, the Congress of Micronesia, and the program staff of the executive branch. It represents what we all feel to be the best possible use of the funds requested.

At the request of the Congress of Micronesia, funding for Operations is being held at as stable a level as possible given the escalation of wages and prices. Emphasis in the budget will be on providing the infrastructure upon which the economy of Micronesia can be built.

### EDUCATION PROGRAM

As always, the education program is the largest program in our operations budget. Nearly $13 million is requested for the support of our educational system in fiscal year 1975. We anticipate a public school enrollment of 28,200 elementary and 6,000 secondary students in 219 elementary and 15 secondary schools. During this school year there are 969 Micronesian students studying abroad in post-secondary programs. The trust territory government provides full or partial financial aid to 423 of these students. Other scholarships are provided by the Congress of Micronesia, the district legislatures, and other organizations and institutions, while 244 students are privately sponsored.

## LANDS AND SURVEYS

The only large program increase in this budget is in the request for $2,094,000 for our accelerated lands and surveys program on public lands. As you know, the U.S. Government gave its approval to a plan calling for an early return to local title and control of so-called public lands in the trust territory. To effect this land return an accelerated land and survey effort on all lands claimed by the trust territory government must be undertaken quickly in order to facilitate completion of the political status negotiations. The Congress appropriated $800,000 in the first fiscal year 1974 supplemental appropriation to get the program underway. The $2,094,000 requested here will move the program into high gear and fund a major part of the work.

## CAPITAL IMPROVEMENT PROGRAM

We are requesting $9,157,000 for "Capital improvements." The largest single item in this request is $2,245,000 for a new hospital for the Yap district. Funds were provided in the fiscal year 1974 supplemental appropriation for the design of this hospital which will have 45 or 50 beds along with the necessary operating, delivery, service, and administrative facilities. The Palau hospital will receive new mechanical and electrical systems.

Approximately $1,500,000 is requested to provide classrooms for elementary schools in the Marianas, Ponape, and Truk. Secondary classrooms will be constructed in the Ponape and Truk districts with a new dormitory being built in the Marshalls. Secondary schools in the eastern districts do not yet have the capacity to accept all elementary school graudates.

Road construction in fiscal year 1975 will require $55,000 in the Marianas, $97,000 in Palau, and $127,000 in Ponape. Advance planning for the extension and paving of the Ponape airport and stabilizing the surface of the Rota runway are estimated at $250,000 and $185,000 respectively. If I may report briefly on our airport program—the new terminal building is now in use in Truk and the terminal facilities in Palau and Majuro are nearing completion. Both the Palau and the Yap runways are considerably upgraded with the help of the U.S. military civic action teams and construction has now been started on the new Saipan International Airport, the first of our airports to receive financial aid through the Federal Aviation Administration's airport development and assistance program. The renovation of what was formerly known as Isley Field is scheduled for completion in late fiscal year 1975, with completion of a new and modern terminal complex to follow about 1 year later.

Of the $200,000 requested for communications facilities, $175,000 will be used to upgrade the Guam/Saipan troposcatter system, doubling the number of channels to 24. The balance of the funds will provide replacement radios, generators, and other equipment for the outer islands communication system. A design for a new harbor and dock for the Yap district will cost $225,000.

The Bikini rehabilitation program will be continued at a cost of $667,000. These funds will be used to finish the construction of the planned 78 houses (each consisting of a core house, an outhouse, a bath house, a cook house and a water catchment system), to initiate the rebuilding of the public facilities, continuation of the program of replanting and maintaining coconut and other food crops, and the transporting of people and household goods from Kili to Bikini.

The $650,000 requested to continue the benefits provided by five civic action teams, one in each district except the Marianas. The team now in the Marianas will not be enough work for another year. A new generator and some additional power distribution lines for the Marianas is estimated to cost $709,000. Funds for power distribution in Ponape and small generators and distribution lines in Truk are also requested. The Moen island water system in Truk will be extended at a cost of $665,000.

## PALAU BRIDGE

I think it appropriate, here, to thank this committee for making possible the construction of the bridge in Palau which will join the islands of Koror and Babelthaup. The bridge will have a tremendous impact on the development of the island of Babelthaup, which is the largest island in the trust territory. It will ease the population pressure on the island of Koror, the district center, by making it possible for people to live on Babelthaup and commute to Koror. By facilitating the movement of produce, it will spur the development of the agricultural potential of Babelthaup. This bridge has long been the No. 1 priority of the Palau district and I am sure I can express their thanks as well as my own for making it real. We also thank the committee for providing new school buses for Saipan.

### TRUST TERRITORY CENSUS

We have recently completed a census of the trust territory which showed the current population to be 114,973. This contrasts with a census conducted by the Peace Corps in March 1967 which counted 91,448. The 3.5 percent annual rate of increase between 1967 and 1974 projects to a population of 200,000 in 1989. One of the most significant results of the 1973 census is the indication of a tremendous movement of population during recent years from the outer islands to the district centers. This movement must be recognized in our requests for infrastructure in the district centers.

### ECONOMIC DEVELOPMENT LOAN FUND

Included in this budget is $1 million for the economic development loan fund which was authorized by Public Law 92-257. As required by that public law, a plan has been prepared for the use of the funds and the plan has been approved by the Secretary of the Interior. Annual reports on the administration of the fund will be submitted to the Secretary. Funds requested here will bring the total capitalization of the fund to approximately $3,900,000.

### FEDERAL COMPTROLLER'S OFFICE

Public Law 93-111 directs the comptroller for Guam to audit the operations of the trust territory government. A reprograming of fiscal year 1974 funds provided $75,000 to initiate the program in 1974. In this budget $225,000 is requested to fund the program through fiscal year 1975.

### CAPITAL IMPROVEMENT OBLIGATIONS

We are proud of our accomplishments in the obligation of capital improvement funds. On June 30, 1973—aside from the $10 million which had been placed in reserve by the Office of Management and Budget and thus was not available for obligation—our unobligated balance of capital improvement funds amounted to less than $3 million. We hope to maintain this low level of unobligated balances on June 30, 1974.

### EDUCATION FOR SELF-GOVERNMENT

In the first supplemental appropriation for fiscal year 1974, this Congress appropriated $100,000 for an accelerated program of education for self-government. In this budget an additional $100,000 is requested to carry on the program of preparing the people of Micronesia to make the wisest choice in selecting the form of their future government. The funding of this program, along with the fiscal year 1974 supplemental funding of the Micronesian Constitutional Convention, will contribute immeasurably to the competence of the Micronesian people to make the best decision on their future development.

### WAR CLAIMS

In fiscal year 1972, $5 million was appropriated by the United States Congress to provide ex gratia payments to certain inhabitants of the Trust Territory who suffered damages arising out of the hostilities of the Second World War prior to July 1951. Legislation also provided $20 million for Post Secure claims for damage to personal property or real estate that arose prior to July 1, 1951. For fiscal year 1975, $1,400,000 is requested to initiate the payment of Post Secure claims. A plan for obtaining the Japanese portion of the war claims ex gratia payment has been prepared for Japanese Government approval. We anticipate early approval for our plan so that we can begin paying into the war claims fund.

### STATUS NEGOTIATIONS

The seventh round of negotiations with the Joint Committee on Future Status of the Congress of Micronesia was held in Washington in November 1973. The third in a series of talks with the Marianas Political Status Commission on a separate political identity for the Mariana Islands was held on Saipan in December. Consultations are continuing between Ambassador Franklin Haydn Williams, the President's Personal Representative for Micronesian Status Negotiations, and the chairmen of the respective status groups with a view to determining timing and agenda for the next meetings.

We appreciate your sympathetic consideration of this budget request and we are now prepared to answer any questions you may have.

Mr. JOHNSTON. I might say District Administrator Remengesau would like to make a statement this morning, if he may.

We are this year requesting a total of $61 million, which includes $1 million for our Economic Development Loan Fund. The balance is $50,843,000 for operations, $9,157,000 for capital improvements. The largest single amount, as usual, is in our education program, nearly $13 million requested for the support of that program.

### PALAU BRIDGE

In the statement which we have submitted for the record, Madam Chairman, we have thanked you and your committee and I would like to repeat for the record—thank you for the Palau Bridge which was made available to us in our first supplemental this year. The contract has been let for the construction of the bridge.

It is going to be under construction very shortly and be a great thing for the Palau District.

Mrs. HANSEN. Did your costs exceed those that you originally planned?

Mr. JOHNSTON. No, we were able to get into the total amount, the original appropriation plus the amount in the supplemental will cover the construction of the bridge.

### TRUST TERRITORY CENSUS

We completed a trust territory census during late 1973 and early 1974. The results were delivered to the Congress in February of this year indicating that we have approximately 114,000 people in the trust territory. It was certainly the most comprehensive and complete census ever made.

Mrs. HANSEN. Was that an increase over what you assumed you had?

Mr. JOHNSTON. No. We had estimated around 110,000, and it is roughly in that neighborhood. As you know, we had made an attempt at a census in 1970 which was totaly unreliable and inaccurate.

We lost 10 or 12 thousand citizens in one area. This latest one was set up by a professional demographer from the South Pacific commission and we were commended as having one of the highest rates of accuracy of any similar program they ever processed.

We do feel the figures are accurate and will be available to the Congress of Micronesia to reapportion itself sometime early next year. The Education for Self-Government program, which was also included in the supplemental is well underway. It is making considerable progress.

### CONSTITUTIONAL CONVENTION

Two days ago the deputy high commissioner in my absence signed into law the constitutional convention bill for the election and selection of delegates in June 1974, and we will shortly obligate the $450,000 that was granted us for that purpose.

We are asking also in fiscal year 1975 for $1,400,000 to initiate the payment of post-service war claims.

### POLITICAL STATUS NEGOTIATIONS

The status negotiations are continuing at the present moment—Ambassador Williams is attending a meeting in Monterrey, Calif. The meetings will take approximately 10 days. He met recently in Honolulu with members of the Marianas Status Commission. Both groups are scheduled to hold full-fledged negotiations later in the year.

### FOREIGN INVESTMENT

Some items are not included in my statement which might be of significance in our discussions today, Madam Chairman. To update things a little bit, on April 1, the territory was opened for the first time to foreign investment other than the United States. This could have a very significant impact on the economy of the trust territory. As you know, prior to April 1, 1974, investment equity capital in the trust territory has been limited to Micronesian and U.S. citizens. It is now opened to all member nations of the United Nations and other areas such as the Republic of Nauru. Also our shipping line which we have discussed many times in these hearings was placed in receivership on the 27th of February since there was a 30-day cancellation clause in the franchise agreement. The line officially became defunct on March 30. However, just 2 days prior to March 30, I have been informed, the court granted a temporary restraining order against the dissolution of the corporation.

We will go through a relatively painful process, and we knew this when we made the decision—Mr. Carpenter and I and members of the Congress of Micronesia participated jointly in making the decision at the request of the Congress of Micronesia—although it will be a little difficult for a time we have assured ourselves of competitive open shipping at much lower rates than people were paying to Trans-Pacific Lines.

These two elements were not reflected in our statement and justifications of the budget and I thought they might have new significance that I should mention them.

### SHIPPING SERVICE

Mrs. HANSEN. What assurance do you have of continuation of service?

Mr. JOHNSTON. We have enough proposals from reliable well-established, well-capitalized shipping lines to assure at least two competing lines into every district.

Mrs. HANSEN. What has happened to encourage this competition?

Mr. JOHNSTON. Apparently we have as far as shipping is concerned. We are not even able to accommodate every shipping line that wants to come into Micronesia. We do not have the port facilities. But rather than granting a franchise to any company, we dealt only with those that did not seek an exclusive franchise on government cargo. We will have shipping service from the west coast, including the Pacific Northwest, and from Hawaii, from Japan, Taiwan, Australia, New Zealand, the Philippines and so on.

Mrs. HANSEN. This is surprising.

Mr. JOHNSTON. We hope it works, Madam Chairman. As I say, there will be a rather difficult period with all of the legal ramifications of terminating the contract but both the Congress and the executive branch as well as the Interior Department felt that the time had come that it had to be done.

Mr. CARPENTER. As you know, we had struggled very hard to keep Trans-Pac afloat. It was completely undercapitalized. It ran into very serious financial difficulties, to the point where it was not supplying adequate shipping to our islands. So we had no recourse but to make a change.

Mrs. HANSEN. We discussed it at the time of the fiscal year 1974 second supplemental hearings.

The thing that the committee is interested in is that you do have reliable shipping.

### FREIGHT RATES

Mr. JOHNSTON. Some of the estimates are that the freight rates—in fact, some of the tariffs already filed indicate rates 30 to 40 percent below what we have been paying.

Mrs. HANSEN. Good.

Mr. JOHNSTON. How long it will stay that way remains to be seen.

Mrs. HANSEN. Maybe your construction project will be in the same situation.

Mr. JOHNSTON. I hope it works out that way.

That concludes my statement.

### GENERAL STATEMENT OF MR. SETIK

Mrs. HANSEN. Representative Setik.

Mr. SETIK. Thank you, Madam Chairman.

Mrs. HANSEN. It is a pleasure to have you here.

Mr. SETIK. Madam Chairman, once again we appreciate the opportunity to appear before you in support of our budget request for fiscal year 1975. Our budget request reflects the recommendations of the Congress of Micronesia to the administration to place high priority on needed capital improvement projects while holding down the rising costs of operations. You will find that in this budget staffing has been kept to a minimum. Tighter allowances for contractual services, travel, and other support costs, along with a significant drop in nonrecurring equipment purchases have allowed us to realize savings in face of certain planned and unanticipated cost increases. Furthermore, in the interests of economy, and with the intent of lessening the fiscal dependency of Micronesia upon the United States, you will note that the Congress of Micronesia will hereafter assume all costs of its own elections and will no longer request annual financial support of the United States for its operations.

It is our hope that the funds we seek for fiscal year 1975 will enable us to continue our efforts to advance Micronesia to a higher level of economic self-sufficiency. We have yet to build the sufficient number of classrooms, build adequate roads, install water, sewerage, and power facilities, and provide for an adequate transportation and communication network. We have yet to complete the basic infrastructure to set the stage for our future social and economic development.

### REDUCTIONS IN OTHER FEDERAL PROGRAMS

In a similar fashion we are actually interested in seeing that certain vital programs which are funded from U.S. Federal programs be continued despite the effect of revenue-sharing legislation. We thus would like to request the appropriation of funds authorized under Public Law 93-111 which was enacted by the U.S. Congress to compensate for terminations of, or reductions in, various Federal grant-in-aid programs. The funds are needed in programs for construction of new dispensaries, for elementary and secondary education, and for library services, for our very effective community action agencies, and for food assistance to schools and needy families. The amount of our request would total $2,750,000. As to the particulars, I am sure they can be supplied by the High Commissioner's staff.

We bring them to your attention at this time because we have made repeated atempts to have them included in fiscal year 1974 and even in this regular fiscal year 1975 budget, but they have been disallowed by the Office of Management and Budget. The Congress of Micronesia is very concerned about these programs which it views as being invaluable in supplementing the programs which are normally funded through the regular United States and Congress of Micronesia appropriations. We thus request your assistance in seeing that these programs are now not allowed to become lost to the people of Micronesia. The amount which we are requesting in addition to the budget is $2,750,000.

As we need assistance in terms of programs, Micronesia still needs financial assistance in developing a basic infrastructure in order for our Government to serve the needs of our citizens.

Micronesians can build and develop schools and roads; we cannot unaided build airports and docks, airplanes, or ships. Thus we turn to you for the added capital input to create a new level of capability in Micronesia.

Inflation and added operational costs for fuel, material, and labor will not permit a rollback in operations funding. Each new school requires more teachers, each new electrical generator requires more line and men to maintain it. Still, careful efforts will be made to control these operational cost expansions.

### PROBLEM OF INFLATION

As I have stated, you will note that in conformance with the Joint Committee on Program and Budget Planning's report on the fiscal year 1975 budget, certain economies have been effected. However, I am also constrained to point out that, at the time of these recommendations, the Trust Territory had not yet received the full impact of the oil embargo and the U.S. dollar reevaluations. As we are aware, past and current inflationary tendencies have effectively reduced former buying power of a $60 million ceiling to the equivalent of $40 million and a dramatic increase in everything from petroleum products to construction materials may, unless compensated for, produce serious deficiencies in basic public services to the people of Micronesia. It is the hope of the legislative branch of the Trust Territory Government that the U.S. Congress will support a request that the appropriation for the civil administration of the Trust Territory reach the maximum allowable amount for fiscal year 1975.

It is our wish that by continuing to provide new capital programs at the level needed for realistic economic development in Micronesia, while maintaining careful scrutiny and control of operational costs, we may be able to move ahead toward the goal of greater self-sufficiency as recently stated by the Secretary of the Interior and as advocated and desired by the people of Micronesia.

Thank you.

## ADDITIONAL AUTHORIZATION FOR REDUCTION OF FEDERAL PROGRAMS

Mrs. HANSEN. Thank you, Representative Setik.

Relative to the appropriations of these other categorical grants, Mr. Carpenter, this committee is bound by the authorization ceiling of $60 million.

Mr. CARPENTER. Yes.

Mrs. HANSEN. This request would be in addition to the authorization.

I don't think the committee has the authority to provide these additional funds. Is this correct, Mr. Wiles?

Mr. WILES. I believe there is $10 million more authorized to replace these categorical grants, such as the phasing out of OEO and what not. I think the Legislative Committee added an additional $10 million.

Mr. CARPENTER. Yes, we did receive from the authorizing committee in Congress an approval for an additional $10 million.

Mrs. HANSEN. Which would make a total authorization of $70 million?

Mr. CARPENTER. The $10 million would provide the difference between terminations and reductions of grants to bring it up to a total of $10 million.

Mr. WILES. I believe, Madam Chairman, that they really did not know in time to get this $10 million in the regular budget as to which grant programs may or may not be cut off. However, they did send in a supplemental request for 1974, and an amendment for 1975, and they were not allowed.

Mrs. HANSEN. By OMB?

Mr. WILES. That is right.

### AMOUNT REQUESTED FOR FEDERAL PROGRAMS

Mrs. HANSEN. What did that total?

Mr. OYLER. We had asked for $938,000 in 1974, the second supplemental, and asked for $2,750,000 in 1975. Those were all the sums we thought we could use out of the $10 million. The $10 million was to be used only for replacement of lost Federal programs and was not a general authorization.

Mrs. HANSEN. Why didn't OMB allow this request?

Mr. WILES. I think it was a matter of a tight budget year that they did not allow it as far as I remember.

Mr. EVANS. The question, too, is outstanding, Madam Chairman, did this $10 million increase the total authorization from $60 to $70 million?

Mr. WILES. Not really, Mr. Evans; $60 million for the regular authorization is still there and the $10 million is only applied in those cases where Federal categorical grant programs to the Trust Territory have been terminated.

Mr. EVANS. It is an add-on of $10 million to the extent that you can prove loss.

Mr. WILES. That is right.

### REDUCED CATEGORICAL GRANT PROGRAMS

Mrs. HANSEN. Do you have a complete list of all the categorical grants?

Mr. SETIK. For the record, Madam Chairman, maybe I should show it to you.

Mrs. HANSEN. I want to know what the total is.

Mr. EVANS. And what the items are, too.

Mrs. HANSEN. That is right.

Mr. OYLER. Madam Chairman, I believe Representative Setik would like to offer for the record a copy of our proposal that was disallowed, if that is acceptable to the committee.

Mrs. HANSEN. Yes; please insert the information in the record.

[The information follows:]

## Trust Territory of the Pacific Islands

## Fiscal Year 1975 Budget Amendment

### Introduction

The fiscal year 1975 budget estimate previously submitted requested $60 million for operations and capital improvements, and $1 million for the Economic Development Loan Fund.

This request is for an additional appropriation in the amount of $2,750,000, to meet the FY 1975 requirements for Categorical Assistance Programs as authorized by Public Law 93-111, enacted September 21, 1973.

The aforementioned fund was created as a result of an authorization, not to exceed $10 million for each fiscal years 1974 and 1975, to offset reductions in, or the termination of Federal grant-in-aid programs or other funds made available to the Trust Territory of the Pacific Islands by other Federal agencies. This aid has been a valuable supplement to the regular Trust Territory Government budget. Other Federal agencies' funds and expertise have initiated and implemented a number of high priority programs. The Trust Territory sought this aid initially in order to fill previously identified but unmet needs.

The legislation (PL 93-111) authorizing $10 million to offset reductions in, or termination of aid from other Federal agencies was enacted shortly before submission of the regular budget estimate. Because of difficulties at that time in ascertaining the funding future of many Federal programs in the Trust Territory, this appropriation request was excluded from the annual budget estimate. It is recognized that further Congressional legislation may restore funds that are anticipated to be "lost" at this time, and conversely that other grant programs may yet be reduced or terminated. This request represents, however, our best estimate of requirements at this time.

The Categorical Assistance Programs amendment to the budget becomes a new budget authority section of the FY 1975 Trust Territory budget as follows:

I. Direct Appropriations

II. Grants

III. Economic Development Loan Fund

IV. Categorical Assistance Programs

### TRUST TERRITORY OF THE PACIFIC ISLANDS

### FISCAL YEAR 1975 BUDGET AMENDMENT

## IV. Categorical Assistance Programs

FY 1974 - 0 -*, FY 1975 $2,750,000; Increase $2,750,000

*Supplemental request for $938,000 pending approval.

The amount of $2,750,000 is required in FY 1975 for Categorical Assistance Programs, under the authority of Public Law 93-111.

Both capital improvements and operations programs will be financed from the Categorical Assistance Programs fund. In addition to the legislative authorization that all appropriations from the fund shall remain available until expended, it is further understood that those appropriations for operations programs remaining unexpended at a fiscal year end shall not require further Congressional authorization (e.g. re-programming) to incur obligations in the succeeding fiscal year. Capital improvements appropriations will be subject to the same policy, as this has been the practice in regards to all Department of the Interior grant-in-aid for capital improvements.

Shown below is a schedule of Federal programs that have been reduced or terminated, or that are at this time understood to be terminating by the end of fiscal year 1974, or during fiscal year 1975. The number of such programs is far less than was anticipated one year ago. But those few that have been reduced or terminated thus far include three large, high-priority programs.

| | Federal Grant Programs To Be Financed By The Categorical Assistance Programs Fund | Amount of Appropriation Request FY 1975 |
|---|---|---|
| a. | Health | |
| | Public Health Services Act (Hill-Burton Program) - Construction | $ 750,000 |
| | Public Health Services Act (Hill-Burton Program) - Administration | 10,000 |
| b. | Education | |
| | Elementary and Secondary Education Act, Title II | 87,000 |
| | Career Education, Parts C & D | 26,000 |
| | Library Services and Construction Act, Titles I, II, & III | 47,000 |
| | National Defense Education Act, Title III-A | 50,000 |

| | |
|---|---|
| c. Public Affairs | |
| Economic Opportunity Act | |
| Territorial Economic Opportunity Office | 20,000 |
| Community Action Agencies | 705,000 |
| Training and Technical Assistance | 125,000 |
| d. Administration | |
| Agriculture and Consumer Protection Act | |
| Needy Family Food Assistance Program | 420,000 |
| Domestic Food Assistance to Schools and Service Institutions | 510,000 |
| Total | $2,750,000 |

a. Health:

A total of $760,000 is requested for FY 1975 to offset the termination of Hill-Burton program grant funds. Of this amount $750,000 will be used for construction of dispensaries, and the balance for general administrative expenses of the Department of Health Services.

Approximately sixteen (16) new dispensaries will be constructed. Including these dispensaries, the sixteen (16) requested for FY 1974 (using Categorical Assistance Program funds), and those previously financed with Hill-Burton assistance, a total of seventy (70) dispensaries will have been constructed over a three fiscal year period. Funding for an additional forty-five (45) dispensaries will be sought in later years.

Dispensary construction is scheduled for all six districts, although the most immediate needs are concentrated in the Truk and Marshalls Districts, each of which will require approximately one-third (1/3) of the total funds requested.

b. Education:

A total of $210,000 is requested for FY 1975 to offset the termination or reduction of various Federal grants to education. Of this amount, $87,000 will be used for school library materials purchases, $26,000 to continue career education programs, $47,000 to continue public library related projects, and $50,000 for the purchase of audio-visual instructional materials. The entire amount requested will be used to replace programs for which other Federal grants are no longer available.

c. Public Affairs:

A total of $850,000 is requested for FY 1975 to offset the termination of Economic Opportunity Act grant funds for the operation of six Community Action Agencies, a Territorial Economic Opportunity Office, and training and technical assistance support.

The Division of Community Development of the Department of Public Affairs will have overall administrative and fiscal responsibility for these funds. However, the Community Action Agencies (CAA's) will continue to operate semi-autonomously. The CAA's are currently operating under corporate (non-profit) charters, and expend funds and operate their programs in accordance with legal obligations specified in the Economic Opportunity Act and rules, regulations, and procedures promulgated by the U. S. Office of Economic Opportunity. When Categorical Assistance Program funds are utilized, the Trust Territory Government will utilize the mechanism of a grant or a contract with the CAA's to carry on their respective programs in accordance with the procedures to be detailed in the grant or contract documents.

Each Trust Territory Government District will have a Community Action Agency in FY 1975. All will have funded administrative offices, but the programs will have project components that vary from district to district. The basic purpose of community action programs is "to stimulate a better focusing of all available local, Territorial, and Federal resources upon the goal of enabling low income families, and low income individuals of all ages to attain the skills, knowledge, and motivation, and secure the opportunities needed for them to become fully self-sufficient." General community programs are designed to accomplish this purpose. Programs under this area are selected at the local level to meet specific community needs. They may deal with particular concerns in such areas as housing, manpower, education, health, day care, economic development, and general social services. They may focus on particular target groups such as youth and the elderly.

The Community Action Agencies and the estimated FY 1975 funding levels are as follows:

Marianas Community Action Agency:

| | | |
|---|---|---|
| Administration | $ 30,000 | |
| General Community Programs | 166,000 | $196,000 |
| Employment Service | | |
| Neighborhood Opportunity Service | | |
| Economic Development | | |
| a. Credit Union | | |
| b. Agriculture Extension Service | | |
| c. 4-H Club | | |
| d. Farmer's Cooperative | | |

### Marshalls Community Action Agency:

| | | |
|---|---|---|
| Administration | $ 24,000 | |
| General Community Programs | 44,000 | $ 68,000 |
| Community Health | | |
| Community Organization | | |
| Child Care and Nutrition | | |

### Palau Community Action Agency:

| | | |
|---|---|---|
| Administration | 30,000 | |
| General Community Programs | 98,000 | 128,000 |
| Economic Development | | |
| School Age Education | | |

### Ponape Community Action Agency:

| | | |
|---|---|---|
| Administration | 20,000 | |
| General Community Programs | 107,000 | 127,000 |
| Mobile Adult Education | | |
| Women's Interest | | |
| Vocational Training | | |
| Community Information and Organization | | |

### Truk Community Action Agency:

| | | |
|---|---|---|
| Administration | 23,000 | |
| General Community Programs | 74,000 | 97,000 |
| Community Planning | | |
| Resources Development | | |

### Yap Community Action Agency:

| | | |
|---|---|---|
| Administration | 18,000 | |
| General Community Programs | 71,000 | 89,000 |
| Village Community Development | | |
| Vocational Training | | |
| **Total** | | $705,000 |

The Territorial Economic Opportunity Office is the central agency responsible for coordinating the application for and distribution of funds to community action agencies. Along with outside contractual assistance, this office provides to the Community Action Agencies training and technical assistance in all phases of fiscal and program management.

Outside assistance will be contracted for to help provide training and technical assistance to the Community Action Agencies. Previous assistance has been provided by the Hawaiian-based Foundation for the Peoples of the South Pacific. This will probably be continued in FY 1975.

The programs thus far described relate to those funded by the Office of Economic Opportunity. In addition to these programs, the Community Action Agencies also operate a variety of other programs funded by other Federal grantor agencies. Among these are the Head Start, Neighborhood Youth Corp, Job Corp, and Older Americans Act programs. Loss of CAA administration funds would mean that these latter programs would have to be shifted to the administration of the District Offices of Community Development, thus burdening these offices with unplanned duties.

d. Administration:

A total of $930,000 is required for fiscal year 1975 to offset the loss of Food Distribution Program surplus commodities and administrative funds from the U. S. Department of Agriculture. One program, the Needy Family Food Assistance Program, requires funding at a $420,000 level to replace commodities and an administrative funds entirely lost. In the United States, this program will be operated as a Food Stamp Program under the authority of the Agriculture and Consumer Protection Act of 1973. The Trust Territory is excluded from this portion (Food Stamp Act amendment) of the legislation.

Another program, regarding distribution of food commodities to schools (and to a minor extent hospitals) will be reduced approximately 50%, therefore $510,000 is required to offset this reduction. In FY 1975, the U.S. Department of Agriculture will no longer be able to purchase commodities at open market prices in order to maintain the annual programmed levels of assistance to schools and other domestic food assistance programs. The only commodities which may be purchased for these programs will be those in "surplus" supply. It is anticipated that these items will be scarcer in FY 1975. These factors will result in a greatly reduced number of food items available to the Trust Territory. The requested amount will enable the Trust Territory to purchase the commodities no longer available from USDA.

STANDARD FORM 300
July 1964, Bureau of the Budget
Circular No. A-11, Revised
300-101

TERRITORIAL AFFAIRS

## TRUST TERRITORY OF THE PACIFIC ISLANDS

Program and Financing (in thousands of dollars)

| Identification code<br>10-20-0414-0-1-910 | 19 75<br>Request Pending | 19 75<br>Proposed Amendment | 19 75<br>Revised Request |
|---|---|---|---|
| Program by activities: | | | |
| 1. High Commissioner's Office | 460 | - - - | 460 |
| 2. Judiciary | 428 | - - - | 428 |
| 3. Comptroller for Guam | 225 | - - - | 225 |
| 4. Grants | 58,887 | - - - | 58,887 |
| 5. Economic Development Loan Fund | 1,000 | - - - | 1,000 |
| 6. Categorical Assistance Programs | - - - | 2,750 | 2,750 |
| Total Program Cost Funded | 61,000 | 2,750 | 63,750 |
| Change in selected resources (undelivered orders) | - - - | - - - | - - - |
| 10 Total Obligations | 61,000 | 2,750 | 63,750 |
| Financing: | | | |
| 21 Unobligated balance available, start of year ( - ) | - - - | - - - | - - - |
| 24 Unobligated balance available, end of year | - - - | - - - | - - - |
| 40 Budget Authority (appropriation) | 61,000 | 2,750 | 63,750 |
| Relation of obligations to outlays: | | | |
| 71 Obligations incurred, net | 61,000 | 2,750 | 63,750 |
| 72 Obligated balance, start of year | 34,845 | - - - | 34,845 |
| 74 Obligated balance, end of year ( - ) | -30,545 | -750 | -31,295 |
| 90 Outlays | 65,300 | 2,000 | 67,300 |

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STANDARD FORM 304
May 1969, Bureau of the Budget
Circular No. A-11, Revised
304-103

TERRITORIAL AFFAIRS

TRUST TERRITORY OF THE PACIFIC ISLANDS
OBJECT CLASSIFICATION (in thousands of dollars)

| Identification code —<br>10-20-0414-0-1-910 | 1975 | 1975 | 1975 |
|---|---|---|---|
| | Request Pending | Proposed Amendment | Revised Request |
| Personnel compensation: | | | |
| 11.1 Permanent positions | 2,395 | - - - | 2,395 |
| ~~11.3 Positions other than permanent~~ | | | |
| 11.5 Other personnel compensation | 356 | - - - | 356 |
| ~~11.8 Special personal services payments~~ | | | |
| Total personnel compensation | 2,751 | - - - | 2,751 |
| Personnel benefits: | | | |
| 12.1 Civilian | 177 | - - - | 177 |
| ~~13.0 Benefits for former personnel~~ | | | |
| 21.0 Travel and transportation of persons | 177 | - - - | 177 |
| 22.0 Transportation of things | 2 | - - - | 2 |
| 23.0 Rent, communications, and utilities | 6 | - - - | 6 |
| 24.0 Printing and reproduction | 9 | - - - | 9 |
| 25.0 Other services | 50 | - - - | 50 |
| 26.0 Supplies and materials | 11 | - - - | 11 |
| 31.0 Equipment | 19 | - - - | 19 |
| ~~32.0 Lands and structures~~ | | | |
| ~~33.0 Investments and loans~~ | | | |
| 41.0 Grants, subsidies, and contributions | 57,798 | 2,750 | 60,548 |
| ~~42.0 Insurance claims and indemnities~~ | | | |
| ~~43.0 Interest and dividends~~ | | | |
| ~~44.0 Refunds~~ | | | |
| | | | |
| | | | |
| 99.0 Total obligations | 61,000 | 2,750 | 63,750 |

STANDARD FORM 300
[illegible] Bureau of the Budget
Circular No. A-11, Revised
300-101

TERRITORIAL AFFAIRS

TRUST TERRITORY OF THE PACIFIC ISLANDS

PERSONNEL SUMMARY

| Identification code<br>10-20-0414-0-1-910 | 1975<br>Request Pending | 1975<br>Proposed Amendment | 1975<br>Revised Request |
|---|---|---|---|
| Total number of permanent positions | 157 | | 157 |
| Average paid employment | 154 | NO | 154 |
| Average GS grade | 10.9 | | 10.9 |
| Average GS salary | $17,905 | CHANGE | $17,905 |
| Average salary of ungraded positions | $14,477 | | $14,477 |

**Mr. Carpenter.** I should add, Madam Chairman, that in addition to the $10 million authorization we have now put in a request which has not fully cleared the executive branch for an increased authorization ceiling for the next 3 years. If that is successful, we will be appearing again hopefully.

**Mrs. Hansen.** At the rate OMB is sending up budget amendments it may be in the near future.

**Mr. Wiles.** I think Mr. Carpenter is talking about new legislation. He is talking about next year's authorization.

**Mrs. Hansen.** That is right. But OMB is continually sending up budget amendments as you know, Mr. Wiles.

**Mr. Wiles.** Yes, ma'am.

**Mr. Oyler.** Madam Chairman, we have that for the 1975 amendment. If it would be the wish of the committee, I could place in the record similar information on the 1974 second supplemental.

**Mrs. Hansen.** You requested an additional $760,000 for "Health."

**Mr. Oyler.** Yes, ma'am

**Mrs. Hansen.** What does the additional amount for "Education" total?

**Mr. Oyler.** I don't have that total. Under "Administration," the food program totals $930,000 and the balance is for "Education."

**Mrs. Hansen.** Then the additional request for "Education" is $210,000?

**Mr. Oyler.** Yes, and "Public affairs" is $850,000 replacing the OEO program.

**Mrs. Hansen.** So your total is $2,750,000.

**Mr. Oyler.** Yes, ma'am.

### LOSS OF FEDERAL PROGRAMS

**Mr. Evans.** Madam Chairman, if I may ask a question, are these items that the chairman is referring to exact dollar equivalents to items you lost in the phasing out of various programs such as OEO and ESEA?

**Mr. Johnston.** Yes. The Public Health Service, the Hill-Burton program, $750,000; Public Health Services Act, Hill-Burton program administration, $10,000; that is in Health. In Education, Elementary and Secondary Education Act, title II, $87,000. Career Education, parts C and D, $26,000. Library Services and Construction Act, title I, II, and III, $47,000.

**Mr. Evans.** May I interrupt to ask whether or not it is true that each figure represents a loss, an exact dollar loss because of the cutback or termination of one program or another.

**Mr. Johnston.** It represents an estimated loss to the best of our ability. Some of these programs, as you know, may be restored at the last minute, or may be continued. But to the best of our knowledge, at the time this was prepared, it does represent a loss.

**Mr. Evans.** Either an actual loss or estimated loss.

**Mr. Johnston.** That is correct.

**Mr. Evans.** The estimated loss being that you would have expected and hoped you would get a certain figure and because the program is terminated you did not get it.

**Mr Johnston.** That is right.

One very good example of one of the major losses is in our Community Action Agencies, the CAA's, under the OEO.

Mr. Evans. Those are not estimated, those are actual losses.

Mr. Johnston. Those are actual losses.

We know those are discontinued and we do want to continue them. That is one of the major items.

Mr. Evans. Thank you, Madam Chairman.

Mrs. Hansen. The needy family food assistance program and the domestic food assistance to schools and service institutions is a total of $930,000, is that correct?

Mr. Johnston. That is correct.

Mrs. Hansen. You have one other item, National Defense Education Act, title III–A, $50,000. All of these items total $2,750,000. I would have thought that the OMB could defend this $2,750,000. They included funds in the budget for Constitution Gardens without any hesitation.

Mr. Oyler. Madam Chairman, if I might comment, we did understand that part of the reason for the disallowance was that the original proposal had not been part of the program of the President and therefore they did not look on it with favor when we came in to seek appropriations behind the authorization.

It was a congressional add on, the extra $10 million.

Mrs. Hansen. I know they have a dismal view of congressional add ons, but that is their opinion. You know, there are three branches of Government, each with an opinion of its own. I think the Interior authorizing committee was very disturbed at the loss of this revenue and the effect it would have.

## GENERAL STATEMENT OF MR. REMENGESAU

Mr. Remengesau, the District Administrator of Palau, has a general statement, also.

Mr. Remengesau. Madam Chairman, in the interest of time, with your permission, I would place my statement in the record.

Mrs. Hansen. It will be inserted in the record.

[The statement follows:]

Madam Chairman: This is indeed a welcome and timely opportunity to appear before your committee to testify on behalf of the people of the Palau district.

First and foremost, I would like to convey our sincere appreciation, in addition to what our High Commissioner has already expressed, to this Committee for their foresight and understanding in finalizing the funding of the long-desired Palau bridge linking the district center with the Island of Babelthaup. I am happy to report that the contract for the bridge has been awarded to Aju Construction Co. of Korea and work is now proceeding onsite to provide for the necessary camp and quarry facilities. Actual construction should commence some 5 months from now.

As the High Commissioner has already stated, the significance of the bridge is not simply a convenient link between two population centers. Rather, it is the beginning and the key to the eventual development of the largest island in Micronesia which will affect a majority of our total population in Palau. The initial impact of the bridge will provide us with the ability to effect the construction of many projects on Babelthaup utilizing land transport which will greatly economize construction as opposed to the present costly method of hauling materials over water. These economics, of course, are predicated upon the construction of an island-wide road system linking the 10 municipalities of Babelthaup with each other and the District Center providing access to agricultural, mariculture and tourism areas. I can assure you, everyone from Palau is looking forward to that day when we can drive to and from Babelthaup without the ferry. The bridge coupled with the development of the island-wide road system will ease the population pressure on the Island of Koror, thereby, on one hand minimizing the current and ever-growing socioeconomic problems derived from the congested district center, and on the other hand facilitating the positive socioeconomic development of the now idle big island of Babelthaup. Meanwhile, the trend of moving from the district center to Babelthaup has already begun. Some employees residing in the district center of Koror have started weekend farming in the areas near and around the vicinity of the airport, getting ready to settle there and commute to work when the bridge is completed.

Currently, considerable capital improvement activity is occurring in the Palau district with many projects completed or nearing completion this year. These include new public safety facilities, 20 elementary school classrooms, renovation of our 6,000 foot airstrip to accommodate jet aircraft and a new air terminal, a new communications station, a 1,000-watt transmitter for our broadcasting station, a pediatrics ward of 20 beds (a first in the Trust Territory) and finally the completion of the second phase of our water system providing new pumping stations, distribution lines and 2 million gallons of storage capacity.

This fiscal year, in addition to the bridge, we anticipate the beginning of construction for six dispensaries on Babelthaup, phase 3 of our water system giving us additional storage capacity of 3 million gallons, additional filters, pumping stations, and service to an additional 1,500 consumers both commercial and private and a wastewater treatment plant for the district center.

The Palau district is pleased with the progress of the decentralization concept as more and more significant decisions are made at the district level and our authority and responsibility continues to increase. In this connection, I am happy to note that the recommendations of the district concerning the priorities needed and desired by the districts in the capital improvement programs and in the operations programs are mostly heeded subject to budgetary constraints, and used as the basis of formulating the Trust Territorywide budget request. Also, I am proud to state that, with the exception of the large contracts for capital improvement projects, such as bridge and wastewater and water systems which are beyond our local capabilities, it has been our administration's policy to utilize the local contractors to construct many and varied smaller projects, as in the areas of constructing school classrooms, out of district center power and water systems, dispensaries and other municipal projects. In this way the moneys spent on labor and other locally procured materials and supplies remain with and boost the local economy.

However, many of the smaller projects for outer municipalities and communities funded by the district legislature, the Congress of Micronesia and the TT grant-in-aids projects are hampered due to inadequate funding, because of ever escalating prices, and the lack of technical know-how. This is where we have continuous needs for the services of the civic action team in the district. The team assists the outer municipalities and communities in providing technical supervision, and simultaneously in training the local people to acquire new skills and enable them after completion of the projects to maintain and operate the facilities for themselves.

In our fiscal year 1975 budget request, we ask funding for the continuation of the civic action team operation in Palau. In addition, we ask funds for the road construction, which, as indicated before, is a continuous project vital to our overall economic and social development programs. Further, we ask in our capital program funds for the renovation of our hospital and construction of a new outpatient clinic. Our present hospital building is not only leaking but there is hardly elbow room for the outpatients as well as the doctors and nurses to maneuver around. Our operations budget reflects only a modest increase to cover costs of price escalation, and we have added only one new function over the last year's budget to man our new wastewater treatment plant which should be in operation in the latter part of 1975.

At this time, I will be pleased to answer any question your committee wishes to ask me.

Mrs. **Hansen**. Please summarize your statement for us?

Mr. **Remengesau**. Just before I left Palau, I was instructed by the people of Palau to convey to Madam Chairman and this committee greetings from the Palau district.

Mrs. **Hansen**. We appreciate their courtesy and thoughtfulness in sending us their greetings.

### PALAU BRIDGE

Mr. **Remengesau**. They expressed the most sincere appreciation to Madam Chairman and this committee for their foresight in providing the funds for the Palau Bridge. The High Commissioner and the Director of Territories have conveyed our appreciation with respect to this project.

We are very happy that this long-desired project finally is becoming a reality, and it will be one of the greatest things that ever happened in Palau district in the Trust Territory, and we certainly believe it will contribute to the social and economic development of Palau district.

Mrs. **Hansen**. The committee is very pleased that we were able to do it. We are very pleased for Palau.

Mr. **Remengesau**. I might also say that the chairman may be retiring soon and the people of our islands will miss our long-time supporter and the assistance that Madam Chairman has been able to give to the Trust Territory.

Mrs. **Hansen**. Will you again thank the people of Palau for being so thoughtful. I assure you that I will miss the people of Micronesia who have appeared before the committee as much as any group I have had the privilege of serving with in the years since I came to Congress. It has been a delight.

Mr. **Remengesau**. Thank you. We wish to leave with you the very best wishes for the future.

Mrs. **Hansen**. Thank you.

Will you please tell your fellow citizens of Palau that I very much appreciate their thoughtfuness.

Mr. **Remengesau**. Yes, Madam Chairman.

### JUSTIFICATION MATERIAL

Mrs. **Hansen**. We will insert justification pages 1 through 118 in the record at this point.

[The pages follow:]

Trust Territory of the Pacific Islands

## HIGHLIGHT STATEMENT

## Fiscal Year 1975

### Description

The Trust Territory of the Pacific Islands includes the Northern Mariana Islands, the Eastern and Western Caroline Islands, and the Marshall Islands. There is a total of 2,141 islands. Although they are scattered over three million square miles in the Western Pacific Ocean, they have but 700 square miles of land. An estimated population of 110,000 inhabits 97 of the islands. The Territory is divided for administrative purposes into six districts, each of which exhibits notable cultural and linguistic differences.

### Authority and Government of the Territory

The responsibilities and mission of the United States in Micronesia are set forth in the July 18, 1947 Trusteeship Agreement between the United States and the United Nations Security Council. The obligations assumed under that agreement require the United States to promote the economic, social, political, health and educational development of Micronesia toward self-government. Executive Order 11021 of May 8, 1962, vested executive, legislative and judicial authority for administration of civil government in the Secretary of the Interior. Secretarial Order No. 2918 of December 27, 1968, as amended, delimits the extent and nature of the authority of the Government of the Trust Territory and prescribes the manner in which the relationships of that Government shall be established and maintained with the Congress of the United States, the Department of the Interior and other agencies, and with foreign governments and international bodies.

Following the United States separation-of-powers model, executive authority is vested in a High Commissioner appointed by the President. A bi-cameral Congress of Micronesia exercises legislative authority. Judicial authority rests in a High Court whose four Justices are appointed by the Secretary of the Interior. District Administrators, appointed by the High Commissioner, are responsible for Territorial affairs, including execution of laws passed by the District Legislature, in their respective jurisdictions.

### Programs and Policies

The Trust Territory program derives from the fundamental need of any government to provide programs and services to the people which cannot be effectively or efficiently supplied by the individual or family. The Territorial government as a whole renders the full range of services comparable in range, if not in size, to those obtaining at Federal, State and local levels of the United States government. The United States is directly responsible within the Territory only for national defense, the postal system, and the monetary system. Indirect responsibility is exercised over other functions through Executive and Legislative control of United States appropriations and grants to finance the major share of Trust Territory government operations.

Programs include Education, Health Services, Resources and Development, Public Works, Public Affairs, Transportation and Communications, Attorney General, Finance, Personnel and several staff functions. Directors of these activities are responsible for establishment and implementation of Territory-wide policies and programs. District Administrators are responsible for program operations of each activity in their districts. Decentralization of authority and responsibility for program operations is proceeding in the face of immense problems involving communications, distance, and the lack of trained, qualified personnel at the district level.

## Trust Territory of the Pacific Islands

### The FY 1975 Program

The budget request for FY 1975 totals $61,000,000, an increase of $3,114,000 over the currently approved FY 1974 program.

The FY 1975 request for Operations is $50,843,000 (including the Office of the High Commissioner and the Judiciary), an increase of $2,717,000 over the $48,126,000 appropriated for FY 1974. The 1975 request for the Capital Improvement Program is $9,157,000, an increase of $397,000 over the $8,760,000 appropriated for FY 1974. The 1975 request for the Economic Development Loan Fund, authorized by Public Law 92-257, is $1,000,000, the same as appropriated in 1974.

The FY 1975 budget request contains a program increase in operations in Resources and Development, for the accelerated Lands and Surveys program on public lands, and for a new program, Comptroller for Guam (Direct Appropriation). The Comptroller for Guam program was authorized and required by Public Law 93-111, enacted September 21, 1973.

Of considerable significance in the area of improved personnel management was the recent passage and approval of Congress of Micronesia Public Law 5-51, entitled "The Trust Territory Salary Act of 1973." The Law establishes a new salary plan which provides a single uniform base salary schedule from which shall be derived the base salary to be paid all employees in positions not excluded by an earlier public law. Exclusions are primarily U.S. civil service, certain temporary positions, and specified executive level type positions. The Law establishes standards and limitations for the addition to the base salary of recruitment premiums for U.S. and other expatriate prime contract employees and for the addition of a U.S. tax relief allowance for U.S. contract employees. With this Law, the majority of employees (U.S. and Micronesian) for the first time are being paid from a single uniform base salary schedule. The Law became effective September 30, 1973. Salaries under the new pay plan in FY 1975 will increase about $2,142,000 for Micronesian staff and about $150,000 for U.S. and other expatriate staff.

The emphasis in the FY 1975 Capital Improvement program will be on Public Health Facilities. The funds requested will provide for a new hospital in the Yap district, an outpatient clinic for Palau, and renovation of the mechanical and electrical systems in Saipan's Dr. Torres Hospital. Funds requested for Transportation and Communications facilities will provide A&E for the Yap harbor and dock, road improvement in the Marianas, Palau, and Ponape, upgrading of the Saipan/Guam troposcatter system and replacement radio equipment for the outer islands, paving of the Rota airport, and A&E to extend and pave the Ponape airfield. Additional elementary classrooms are planned for the Marianas, Truk, and Ponape; a 256-student dormitory for Jaluit High School in the Marshalls; additional classrooms for the Ponape Island Central School; and additional classrooms for two High Schools in Truk (Weipat and the Mortlocks). The installation of physical infrastructure will continue with power projects for the Marianas, Ponape, and Truk, extension of water systems in the district centers of Ponape and Truk, and improvements to the water supply on the island of Rota in the Marianas. The rehabilitation of Bikini will continue and planning will be accomplished for the rehabilitation of Eniwetok. The work of the Civic Action Teams will be supported in all districts except the Marianas. Less significant amounts are requested for upgrading marine resources facilities, additional heavy equipment, small public works and supply warehouses for Kusaie, and for emergency and minor construction.

Funds requested in 1975 will provide for a staffing of 546 U.S. and 6,544 Micronesians, a decrease of 82 U.S. and 47 Micronesians from the level of FY 1974. U.S. employment requirements decrease by 2 in Health Services, 59 in Education, 3 in Public Affairs, 5 in Resources and Development, 2 in Protection to Persons and

Property, 3 in Administration, 2 in Transportation and Communications, and 6 in Public Works. Micronesian employment requirements increase by one in the Office of the High Commissioner, 8 in Education and 3 in Protection to Persons and Property. The increases in Micronesian employment are more than offset by decreases of 26 in Health Services, 4 in Public Affairs, 3 in Resources a Development, 3 in Administration, one in Transportation and Communications, and 22 in Public Works.

## DEPARTMENT OF THE INTERIOR

### Trust Territory of the Pacific Islands

---

| | | |
|---|---|---|
| Appropriation, 1973 | | $60,000,000 |
| Appropriation, 1974 | $47,776,000 | |
| First Supplemental Appropriation, 1974 | 10,110,000 | |
| Total appropriation, 1974 | | 57,886,000 |

### Summary of Increases and Decreases, 1975

| | Base for 1975 | Increase 1975 | |
|---|---|---|---|
| High Commissioner's Office<br>To provide for increased operating costs | $ 411,000 | +46,600 | +46,600 |
| Judiciary<br>To provide for increased operating costs | 400,000 | +29,500 | +29,500 |
| Federal Comptroller's Office<br>To provide for a new program as authorized and required by P.L. 93-111 (enacted September 21, 1973). | 1/ | +225,000 | +225,000 |
| Grants<br>Net increase of $2,812,900 consists of increases of $2,415,900 for operations and $397,000 for capital improvements | 56,075,000 | +2,812,900 | +2,812,900 |
| Economic Development Loan Fund<br>To maintain the level of funding for the Economic Development Loan Fund (P.L. 92-257) | 1,000,000 | --- | --- |
| Net increase, 1975 | | | $+3,114,000 |
| Budget Estimate, 1975 | | | $61,000,000 |

1/ A reprogramming action is now pending to transfer $75,000 of FY 1974 NOA from Grants - Operations (Financial Management System) to the Federal Comptroller's Office, a new program authorized and required by Public Law 93-111 (enacted Sept. 21, 1973, and administered by the Comptroller for Guam).

Trust Territory of the Pacific Islands

Exhibit 2 (Part 1)

## ANALYSIS BY ACTIVITIES

| Activity | Fiscal Year 1973 Amount Available | Fiscal Year 1974 Total Appropriation | Unobligated Balances | Program |
|---|---|---|---|---|
| 1. High Commissioner's Office .......... | $ 295,375 | $ 411,000 | $ 38,525 | $ 449,525 |
| 2. Judiciary .......................... | 329,436 | 400,000 | 2,370 | 402,370 |
| 3. Federal Comptroller's Office......... | --- | --- 1/ | --- | --- |
| 4. Grants ............................. | 58,815,138 | 56,075,000 1/ | 14,422,471 2/ | 70,497,471 |
| 5. Economic Development Loan Fund ....... | --- | 1,000,000 | --- | 1,000,000 |
| Total | $59,439,949 | $57,886,000 | $14,463,366 | $72,349,366 |

1/ A reprogramming action is now pending to transfer $75,000 of FY 1974 NOA from Grants - Operations (Financial Management System) to the Federal Comptroller's Office, a new program authorized and required by Public Law 93-111 (enacted Sept. 21, 1973, and administered by the Comptroller for Guam).

2/ Includes Capital Improvement carryover of $12,981,910, needed to complete projects previously justified; and Operations carryover of $1,440,561. Of the Operations carryover, $60,201 is a portion of the $138,000 reprogrammed in late FY 1973 to fund a Comprehensive Census of the Trust Territory. The census day was originally slated for May, 1973, but the death of the Census Coordinator and other factors made it necessary to reschedule the census day to September 18, 1973. The $60,201 carried forward was used early in FY 1974 for the purpose originally justified. The balance of the Operations carryover, $1,380,360, is the subject of a pending reprogramming request. $720,000 is needed in FY 1974 to fund the Civic Action Teams (one in each district). The remaining balance, $660,360, is needed in FY 1974 to help fund the costs of new Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51 (effective date of the new schedules being September 30, 1973).

Trust Territory of the Pacific Islands

Exhibit 2 (Part 2)

## ANALYSIS BY ACTIVITIES

| | FY 1973 Amount Available | FY 1974 Program | FY 1975 Estimate | Increase (+) or Decrease (-) 1975 Compared with 1974 |
|---|---|---|---|---|
| 1. High Commissioner's Office ............ | $ 295,375 | $ 449,525 | $ 457,600 | $ +8,075 |
| 2. Judiciary ........................... | 329,436 | 402,370 | 429,500 | +27,130 |
| 3. **Federal Comptroller's Office**.......... | --- | 1/ | 225,000 | +225,000 |
| 4. Grants ............................. | 58,815,138 | 70,497,471 | 58,887,900 | -11,609,571 |
| 5. Economic Development Loan Fund ........ | --- | 1,000,000 | 1,000,000 | --- |
| Total | $59,439,949 | $72,349,366 | $61,000,000 | $-11,349,366 |

1/ See 1/ on page 5.

The estimate of $61,000,000 for FY 1975 represents an increase of $3,114,000 in budget authority over FY 1974, exclusive of carryover funds of $14,463,366.

| | |
|---|---|
| High Commissioner's Office ............ | $ +46,600 |
| Judiciary ............................. | +29,500 |
| Federal Comptroller's Office........... | +225,000 |
| Grants ................................ | +2,812,900 |
| Economic Development Loan Fund ......... | - 0 - |
| Increase | $+3,114,000 |

Trust Territory of the Pacific Islands

BUDGET AUTHORITY

Summary by Activities
Fiscal Year 1975

| | FY 1973 | FY 1974 | Estimate FY 1975 | Increase + Decrease - |
|---|---|---|---|---|
| I. DIRECT APPROPRIATIONS: | | | | |
| A. High Commissioner's Office | $ 313,000 | $ 411,000 | $ 457,600 | $ +46,600 |
| B. Judiciary | 325,000 | 400,000 | 429,500 | +29,500 |
| C. Federal Comptroller's Office | - 0 - | 1/ | 225,000 | +225,000 |
| Total - Direct Appropriations | $ 638,000 | $ 811,000 | $ 1,112,100 | $ +301,100 |
| II. GRANTS: | | | | |
| A. OPERATIONS: | | | | |
| 1. Health Services .................. | $ 6,924,000 | $ 7,558,100 | $ 7,774,700 | $ +216,600 |
| 2. Education ........................ | 11,490,000 | 12,839,500 | 12,855,600 | +16,100 |
| 3. Public Affairs ................... | 2,139,000 | 2,632,300 2/ | 1,969,600 3/ | -662,700 |
| 4. Resources and Development ......... | 4,548,000 | 5,524,000 | 7,764,500 | +2,240,500 |
| 5. Protection to Persons and Property. | 2,186,000 | 2,404,200 | 2,645,800 | +241,600 |
| 6. Administration .................... | 4,744,000 | 5,221,000 | 5,306,500 | +85,500 |
| 7. Transportation and Communications.. | 3,158,000 | 3,222,500 | 3,324,900 | +102,400 |
| 8. Public Works ...................... | 7,838,000 | 7,913,400 | 8,089,300 | +175,900 |
| Total - Operations | 43,027,000 | 47,315,000 | 49,730,900 | +2,415,900 |

Trust Territory of the Pacific Islands

| | FY 1973 | FY 1974 | Estimate FY 1975 | Increase + Decrease - |
|---|---|---|---|---|
| B. CAPITAL IMPROVEMENTS | $16,335,000 | $ 8,760,000 | $ 9,157,000 | $ +397,000 |
| Sub-Total - Grants | 59,362,000 | 56,075,000 | 58,887,900 | +2,812,900 |
| Sub-Total - Direct and Grants | 60,000,000 | 56,886,000 | 60,000,000 | +3,114,000 |
| III. ECONOMIC DEVELOPMENT LOAN FUND | - 0 - | 1,000,000 | 1,000,000 | - 0 - |
| GRAND TOTAL | $60,000,000 | $57,886,000 | $61,000,000 | $+3,114,000 |

[1] A reprogramming action is now pending to transfer $75,000 of fiscal year 1974 NOA from Grants - Operations (Financial Management System) to the Federal Comptroller's Office, a new program authorized and required by Public Law 93-111 (enacted September 21, 1973, and administered by the Comptroller for Guam).

[2] Includes $450,000 for the Micronesian Constitution Convention and $100,000 for Education for Self- Government.

[3] Includes $100,000 for Education for Self-Government.

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### Trust Territory of the Pacific Islands

### Personnel Staffing - Permanent Positions

### FY 1973, 1974 and 1975

| | FY 1973 | FY 1974 | FY 1975 |
|---|---|---|---|
| DIRECT APPROPRIATIONS: | | | |
| U.S. - Civil Service | 15 | 15 | 15 |
| U.S. - Contract | 2 | 3 | 3 |
| U.S. Total | 17 | 18 | 18 |
| Micronesians | 7 | 12 | 13 |
| GRANTS - OPERATIONS: | | | |
| Health Services: | | | |
| U.S. - Civil Service | 4 | 3 | 3 |
| U.S. - Contract | 40 | 36 | 34 |
| U.S. Total | 44 | 39 | 37 |
| Micronesians | 1,198 | 1,175 | 1,149 |
| Education: | | | |
| U.S. - Civil Service | 9 | 9 | 7 |
| U.S. - Contract | 259 | 242 | 185 |
| U.S. Total | 268 | 251 | 192 |
| Micronesians | 1,899 | 2,009 | 2,017 |
| Public Affairs: | | | |
| U.S. - Civil Service | 13 | 10 | 8 |
| U.S. - Contract | 3 | 3 | 2 |
| U.S. Total | 16 | 13 | 10 |
| Micronesians | 213 | 203 | 199 |
| Resources and Development: | | | |
| U.S. - Civil Service | 34 | 26 | 24 |
| U.S. - Contract | 43 | 46 | 43 |
| U.S. Total | 77 | 72 | 67 |
| Micronesians | 670 | 712 | 709 |
| Protection to Persons and Property: | | | |
| U.S. - Civil Service | 10 | 6 | 5 |
| U.S. - Contract | 17 | 23 | 22 |
| U.S. Total | 27 | 29 | 27 |
| Micronesians | 368 | 409 | 412 |

**Trust Territory of the Pacific Islands**

| | FY 1973 | FY 1974 | FY 1975 |
|---|---|---|---|
| Administration: | | | |
| U.S. - Civil Service | 68 | 58 | 57 |
| U.S. - Contract | 33 | 38 | 36 |
| U.S. Total | 101 | 96 | 93 |
| Micronesians | 566 | 531 | 528 |
| Transportation and Communications: | | | |
| U.S. - Civil Service | 23 | 19 | 16 |
| U.S. - Contract | 11 | 14 | 15 |
| U.S. Total | 34 | 33 | 31 |
| Micronesians | 175 | 169 | 168 |
| Public Works: | | | |
| U.S. - Civil Service | 19 | 20 | 19 |
| U.S. - Contract | 65 | 57 | 52 |
| U.S. Total | 84 | 77 | 71 |
| Micronesians | 1,358 | 1,381 | 1,359 |
| TOTAL - DIRECT APPROPRIATIONS AND GRANTS - OPERATIONS | | | |
| U.S. - Civil Service | 195 | 166 | 154 |
| U.S. - Contract | 473 | 462 | 392 |
| U.S. Total | 668 | 628 | 546 |
| Micronesians | 6,454 | 6,601 | 6,554 |

……

CONSTRUCTION - Public Works (Paid from Capital Improvement Projects)

| | FY 1973 | FY 1974 | FY 1975 |
|---|---|---|---|
| U.S. - Civil Service | 7 | 4 | 2 |
| U.S. - Contract | 58 | 59 | 57 |
| U.S. Total | 65 | 63 | 59 |
| Micronesians | 81 | 81 | 81 |
| Industrial funded: | | | |
| Government Print Shop: | | | |
| U.S. - Civil Service | 2 | 1 | 1 |
| U.S. - Contract | - | 1 | 1 |
| U.S. Total | 2 | 2 | 2 |
| Micronesians | 25 | 26 | 26 |

## Trust Territory of the Pacific Islands

## I. DIRECT APPROPRIATION

A. Office of the High Commissioner: FY 1974 $449,525, FY 1975 $457,600: Increase $8,075. The increase consists of:

| | Increase (+) or Decrease (-) | | Total | Total | |
|---|---|---|---|---|---|
| | Amount | Positions | Program | Positions | Explanation |
| (1) | $ +6,200 | ... | ... | ... | Normal salary increments for 10 U.S. and 6 Micronesian ongoing positions. |
| (2) | +15,900 | ... | ... | ... | Full year funding of new U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51 and costs of transfer allowances authorized by Congress of Micronesia P.L. 4C-49. |
| (3) | -14,025 | +1 Micro | ... | ... | Increase of one Micronesian position more than offset by reductions in travel and other contractual services. |
| | $ +8,075 | +1 Micro | $457,600 | 10 U.S.<br>7 Micro | |

### Cost Factors Involved in Increases

(1) Normal salary increments for ongoing staff of 10 U.S. and 6 Micronesians, $6,200.

(2) Full year funding of new U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51, $13,100. Cost of transfer allowances authorized by Congress of Micronesia P.L. 4C-49, $2,800.

(3) Add one Micronesian position, $6,200; decreased travel, $2,400, and other contractual services, $17,825.

Need for Increase:

(1) Normal salary increments for 10 U.S. and 6 Micronesian ongoing positions, $6,200: Normal within grade increases must be awarded except in the case of unsatisfactory performance. An increase of $6,200 is requested to meet these increased pay costs.

(2) Full year funding of new U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51 and costs of transfer allowances authorized by Congress of Micronesia P.L. 4C-49, $15,900: New U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51 became effective September 30, 1973. In FY 1975, the new salary schedules will be in effect the full year. The amount of $13,100 is requested to fully fund the new salary schedules. Congress of Micronesia P.L. 4C-49 authorized transfer allowances for U.S. and certain Micronesian

employees upon initial recruitment. Those Micronesians recruited to work in other than their home district or recruited from other islands in their home district are eligible. Additionally, these same employees are eligible for transfer allowances if later transferred to new duty stations for the convenience of the Government. These costs are additional to those previously involved in recruitment. An increase of $2,800 is requested to fund this additional cost.

(3) Increase of one Micronesian position more than offset by reductions in travel and other contractual services, $-14,025: One Micronesian position is added at a cost of $6,200. Offsetting this increase are reductions in travel, $2,400, and in other contractual services, $17,825.

## Trust Territory of the Pacific Islands

A. Office of the High Commissioner:

FY 1974 $449,525, FY 1975 $457,600: Increase $8,075

The estimate for the support of the Office of the High Commissioner is as follows:

| | FY 1974 Estimate | FY 1975 Estimate | Increase + Decrease - |
|---|---|---|---|
| Personnel Compensation and Benefits | $318,400 | $343,900 | $+25,500 |
| Business and Recruitment Travel | 66,700 | 67,100 | +400 |
| All Other Object Classes | 64,425 | 46,600 | -17,825 |
| Total | $449,525 | $457,600 | $ +8,075 |

Source of Funding for above:

| | FY 1974 Estimate | FY 1975 Estimate | Increase + Decrease - |
|---|---|---|---|
| Appropriated Funds | $411,000 | $457,600 | $+46,600 |
| Unobligated funds brought forward from prior years | 38,525 | - 0 - | -38,525 |
| Total | $449,525 | $457,600 | $ +8,075 |

A total of $457,600 is required for the support of the Office of the High Commissioner in FY 1975, an increase of $8,075 over FY 1974.

The executive and administrative authority of the Government of the Trust Territory of the Pacific Islands and the responsibility for carrying out the international obligations undertaken by the United States under the terms of the Trusteeship Agreement with the United Nations with respect to the Territory are vested in the High Commissioner, who is appointed by the President of the United States and is under the general supervision of the Secretary of the Interior.

The High Commissioner's "Cabinet" includes the Deputy High Commissioner, the Attorney General, the Executive Officer, the Special Consultant, the Special Assistants for District Affairs and Legislative Affairs, the Directors of Health, Education, Public Affairs, Resources and Development, Transportation and Communications, Finance, Personnel, Public Works, and the Program and Budget Officer.

The budget for the Office of the High Commissioner includes the salaries and the supporting costs of the High Commissioner and his immediate office staff. All other officials are funded from grants in the appropriate program areas.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 8 U.S. Civil Service | 8 U.S. Civil Service |
| | 2 U.S. Contract | 2 U.S. Contract |
| | 10 U.S. Total | 10 U.S. Total |
| | 6 Micronesians | 7 Micronesians |

The increase of $8,075 will provide $6,200 for normal salary increments, $15,900 for full year funding of new U.S. and Micronesian salary schedules and costs of transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49, and $6,200 for the addition of a Micronesian Assistant for the Special Assistant for District Affairs. These increases are partially offset by reductions of $2,400 for travel and $17,825 for contractual services.

B. Judiciary: FY 1974 $402,370, FY 1975 $429,500: Increase $27,130. The increase consists of:

| | Increase (+) or Decrease (-) | | Total | Total | |
|---|---|---|---|---|---|
| | Amount | Positions | Program | Positions | Explanation |
| (1) | $ +4,300 | ... | ... | ... | Normal salary increments for 8 U.S. and 6 Micronesian ongoing positions. |
| (2) | +7,800 | ... | ... | ... | Full year funding of new U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51 and costs of transfer allowances authorized by Congress of Micronesia P.L. 4C-49. |
| (3) | +15,030 | ... | ... | ... | Minor increases in all supporting costs. |
| | $+27,130 | ... | $429,500 | 8 U.S.<br>6 Micro | |

Cost Factors Involved in Increases

(1) Normal salary increments for ongoing staff of 8 U.S., $2,300; and 6 Micronesians, $2,000.

(2) Full year funding of new U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51, $5,000. Cost of transfer allowances authorized by Congress of Micronesia P.L. 4C-49, $2,800.

(3) Increased equipment, $4,000; printing, $3,800; supplies and materials, $2,630; travel, $2,100; other services, $2,500.

Need for Increase:

(1) Normal salary increments for 8 U.S. and 6 Micronesian ongoing positions, $4,300: Normal salary increments must be awarded except in the case of unsatisfactory performance. An increase of $4,300 is requested to meet these increased pay costs.

(2) Full year funding of new U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51 and costs of transfer allowances authorized by Congress of Micronesia P.L. 4C-49, $7,800: New U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51 became effective September 30, 1973. In FY 1975, the new salary schedules will be in effect the full year. The amount of $5,000 is requested to fully fund the new salary schedules. Congress of Micronesia P.L. 4C-49 authorized transfer allowances for U.S. and certain Micronesian employees upon initial recruitment. Those Micronesians recruited to work in other than their home district or recruited from other islands in their home district are eligible. Additionally, these same employees are eligible for transfer allowances if later transferred to new duty stations for the

convenience of the Government. These costs are additional to those previously involved in recruitment. An increase of $2,800 is requested to fund this additional cost.

(3) Minor increases in all supporting costs, $15,030: Other increases include $4,000 for equipment, $3,800 for printing and reproduction, $2,630 for supplies and materials, $2,100 for travel, and $2,500 for various other services.

B. Judiciary:

FY 1974 $402,370, FY 1975 $429,500: Increase $27,130

The estimate for the support of this office in FY 1975 is as follows:

| | FY 1974 Estimate | FY 1975 Estimate | Increase + Decrease - |
|---|---|---|---|
| Personnel Compensation and Benefits | $258,600 | $267,900 | $ +9,300 |
| Business and Recruitment Travel | 105,200 | 110,100 | +4,900 |
| All Other Object Classes | 38,570 | 51,500 | +12,930 |
| Total | $402,370 | $429,500 | $+27,130 |

Source of Funding for above:

| | | | |
|---|---|---|---|
| Appropriated funds | $400,000 | $429,500 | $+29,500 |
| Unobligated funds brought forward from prior years | 2,370 | - 0 - | -2,370 |
| Total | $402,370 | $429,500 | $+27,130 |

A total of $429,500 is required to support the Judiciary - High Court in FY 1975, an increase of $27,130 over FY 1974.

There are three types of courts in the Trust Territory: High Court, District Court, and Community Courts. In this document "Judiciary" applies only to the High Court, with the District and Community Courts being funded as "Local Judiciary" in the Grant funds.

The High Court has Trial and Appellate Divisions. The Trial Division has original jurisdiction to try all cases, civil and criminal, including probate, admiralty, and maritime matters, and the adjudication of title to land or any interest therein. The Appellate Division has jurisdiction to review, on appeal, the decisions of the Trial Division of the High Court in the following instances:

1. All cases tried originally in the High Court.

2. Certain cases decided by the High Court on appeal from a District Court.

3. All cases decided by the High Court on review of the record of a District or Community Court decision in which the High Court has reversed or modified the decision so as to affect the substantial rights of the appellant.

The High Court presently is staffed with a Chief Justice, three Associate Justices, and supporting administrative and court reporter/secretarial personnel.

The Trial Division of the High Court holds sittings on a circuit-riding basis at the six district centers, and with a fair degree of regularity at three of the sub-centers, in addition to sittings at outlying islands when the need arises. The High Court Judges, the Director, and the Deputy Director also supervise the work of, and endeavor to train the District and Community Court Judges and the Clerks of Courts and their assistants, who have had either very little or no legal training prior to their appointments.

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Judiciary operations are funded partly from appropriated funds (High Court and Chief Justice Office) and partly from grant funds (Local Judiciary). Therefore, separate budgets and separate narrative justifications are prepared for these two sections of the Judiciary. All of the Courts in the Trust Territory share facilities, personnel, equipment and some responsibilities. Funds cannot be justified solely for High Court and solely for Local Judiciary use. High Court funds will be utilized in part to train and assist the Micronesian members in the Local Judiciary. Extensive training and assistance to the District and Community Courts remain a basic function of the High Court.

The funds requested for FY 1975 will enable the High Court to provide the following:

(a) A qualified High Court staff for:

  (1) The hearing of the most serious criminal and civil cases.

  (2) The hearing of cases under appeal.

  (3) Expanded training of Micronesian Judiciary personnel.

  (4) Professional supervision of the courts.

  (5) Accurate transcripts of trials.

  (6) Review of lower court decisions.

(b) Travel necessary for:

  (1) The prompt hearing of cases in all districts including outlying islands.

  (2) Continuing to decrease the backlog of cases through more frequent High Court sittings. (See attached statistical charts.)

  (3) Training and supervision of Micronesian personnel by having the High Court staff available more frequently in all districts.

  (4) Training of Micronesians through conferences and structured observation of other courts, both within and outside the Trust Territory.

(c) Funds for printing to insure High Court opinions will continue to be printed, made available to all concerned promptly, and added to the volumes of the Trust Territory Reports.

(d) Training programs will be continued and expanded: to increase the efficiency of the courts, to provide higher quality of justice in the lower courts, and to enable Micronesians to assume more responsible positions within the Judiciary. The training programs will include Judiciary scholarships for Micronesians to study law and court reporting in the U.S., and training conferences for Micronesian Judiciary employees.

(e) Equipment necessary for more adequate functioning of the courts will be procured or improved, including legal research materials and basic office equipment.

All lower courts throughout the Trust Territory will continue to be staffed entirely by Micronesians in FY 1975.

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| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 7 U.S. Civil Service<br>1 U.S. Contract | 7 U.S. Civil Service<br>1 U.S. Contract |
| | 8 U.S. Total | 8 U.S. Total |
| | 6 Micronesians | 6 Micronesians |

The increase of $27,130 will provide $4,300 for normal salary increments, $7,800 for new U.S. Contract and Micronesian salary schedules and transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49, and increases of $2,100 in travel, $3,800 for printing, $2,630 for supplies and materials, $4,000 for equipment, and $2,500 for other object classes.

## CHART NO. 1

## TRUST TERRITORY COURTS

### Cases Disposed of Per Year

| | High Court Appellate Division | | High Court Trial Division | | District Court | | Community Court | |
|---|---|---|---|---|---|---|---|---|
| | Criminal | Civil | Criminal | Civil | Criminal | Civil | Criminal | Civil |
| 1965 | 6 | 5 | 46 | 125 | 1,463 | 1,035 | 710 | 1,739 |
| 1966 | 1 | 2 | 41 | 89 | 1,509 | 853 | 1,150 | 2,546 |
| 1967 | 0 | 1 | 44 | 175 | 1,736 | 1,406 | 934 | 2,456 |
| 1968 | 1 | 3 | 54 | 251 | 2,545 | 1,273 | 1,388 | 2,589 |
| 1969 | 3 | 11 | 67 | 193 | 2,988 | 1,365 | 1,282 | 2,403 |
| 1970 | 3 | 12 | 73 | 153 | 3,016 | 1,236 | 1,450 | 2,636 |
| 1971 | 1 | 16 | 110 | 756 | 3,942 | 1,603 | 1,092 | 1,355 |
| 1972 | 2 | 3 | 124 | 218 | 3,354 | 1,185 | 1,219 | 2,591 |
| 1973* | 2 | 1 | 47 | 137 | 2,300 | 704 | 578 | 1,429 |

* NOTE: 1973 figures show cases disposed of at the end of second quarter of 1973.

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## CHART NO. 2

## TRUST TERRITORY COURTS

### Cases Pending at End of Year

| | High Court<br>Appellate Division | | High Court<br>Trial Division | | District Court | |
|---|---|---|---|---|---|---|
| | Criminal | Civil | Criminal | Civil | Criminal | Civil |
| 1965 | 1 | 6 | 23 | 269 | 66 | 215 |
| 1966 | 0 | 5 | 25 | 335 | 132 | 341 |
| 1967 | 1 | 6 | 15 | 327 | 142 | 206 |
| 1968 | 2 | 23 | 28 | 231 | 217 | 266 |
| 1969 | 4 | 28 | 5 | 312 | 229 | 422 |
| 1970 | 6 | 28 | 54 | 876 1/ | 328 | 454 |
| 1971 | 6 | 17 | 73 | 350 | 375 | 381 |
| 1972 | 8 | 25 | 55 | 356 | 512 | 461 |
| 1973 2/ | 9 | 28 | 58 | 380 | 574 | 445 |

NOTE: Community Courts report only cases disposed of; pending cases are not reported.

1/ Includes over 500 damage and loss claims against one shipping company.

2/ Figures show cases pending at end of second quarter of 1973.

## Trust Territory of the Pacific Islands

C. Federal Comptroller's Office: FY 1974 $ -0-, FY 1975 $225,000: Increase $225,000. The increase consists of:

| | Increase (+) or Decrease (-) | | Total | Total | |
|---|---|---|---|---|---|
| | Amount | Positions | Program | Positions | Explanation |
| (1) | $+225,000 | 7 | $225,000 | 7 | New program. |
| | $+225,000 | 7 | 225,000 | 7 | |

### Cost Factors Involved in Increases

(1) $169,000 for salaries and benefits of 7 additional positions, $50,000 for travel, $6,000 for other services.

Need for Increase:

(1) New Program, $225,000: Public Law 93 -111 approved 9/21/73 directed the Comproller of Guam to audit the activities of the Trust Territory Government.

The amount of $225,000 is required for the Federal Comptroller's Office, an increase of $225,000 over FY 1974.

Public Law 93-111, which provides authorizing legislation for the Trust Territory Government, also provides that the Comptroller for Guam shall audit the operations of the Trust Territory Government. The Comptroller for Guam is under the general supervision of the Secretary of the Interior and is not a part of any executive department of the Trust Territory Government. The audit activities of the government comptroller are directed so as to (1) improve the efficiency and economy of programs of the government of the Trust Territory of the Pacific Islands and (2) discharge the responsibility incumbent upon the Congress to insure that the substantial Federal revenues which are covered into the treasury of such government are properly accounted for and audited. In FY 1975 Federal auditors are expected to perform eight departmental audits, the annual fiscal audit reports, the annual report, and other special audits as required.

There are no Trust Territory employees in this activity. The positions listed above reflect the estimated staffing requirements for this activity. Future budgets will display this activity as a reimbursable program in the Administration of Territories budget (similar to the audit programs now performed by the Comptroller, Virgin Islands, and Guam).

A pending reprogramming request will transfer $75,000 of FY 1974 funds for the Financial Management System to the Comptroller for Guam to provide for initiating this program in FY 1974 as authorized by Public Law 93-111. The work program will include an indebth workload and logistical survey plus several management type audits.

Trust Territory of the Pacific Islands

II. GRANTS:

## A. OPERATIONS

1. Health Services: FY 1974 $7,558,100, FY 1975 $7,774,700: Increase $216,600. The increase consists of:

| | Increase (+) or Decrease (-) | | Total | Total | |
|---|---|---|---|---|---|
| | Amount | Positions | Program | Positions | Explanation |
| (1) | $+210,000 | ... | ... | ... | Normal salary increments for 37 U.S. and 1,149 Micronesian ongoing positions. |
| (2) | +441,800 | ... | ... | ... | Full year funding of new U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51, costs of transfer allowances authorized by Congress of Micronesia P.L. 4C-49, and of positions partially lapsed in FY 1974. |
| (3) | -435,200 | -2 U.S.<br>-26 Micro | ... | ... | The high priority of Capital Improvement projects makes it necessary to operate our health facilities with less staff and with tighter allowances for supplies, equipment, and other support costs. |
| | $+216,600 | -2 U.S.<br>-26 Micro | $7,774,700 | 37 U.S.<br>1,149 Micro | |

### Cost Factors Involved in Increases

(1) Normal salary increments for ongoing staff of 37 U.S., $23,900, and 1,149 Micronesians, $186,100.

(2) Full year funding of new U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51: U.S., $37,100, Micronesians, $385,900. Cost of transfer allowances authorized by Congress of Micronesia P.L. 4C-49, $11,600. Full funding of one position partially lapsed in FY 1974, $7,200.

(3) Decrease of $33,800 from elimination of two U.S. positions and of $44,700 from dropping 26 Micronesian positions. Decreases also in travel, $57,100; supplies, $148,700; equipment, $60,600; other support costs, $90,300.

Need for Increase:

(1) Normal salary increments for 37 U.S. and 1,149 Micronesian ongoing positions, $210,000: Normal within grade increases must be awarded except in the case of unsatisfactory performance. The Micronesian staff is a young staff and the pattern of an older staff higher in grade and in increments retiring and

being replaced by youth in lower grade and beginning increments will not be evident for some years to come. An increase of $210,000 is requested to meet these increased pay costs.

(2) Full year funding of new U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51, costs of transfer allowances authorized by Congress of Micronesia P.L. 4C-49, and of positions partially lapsed in FY 1974, $441,800: New U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51 became effective September 30, 1973. In FY 1975 the new salary schedules will be in effect the full year. The amount of $423,000 is requested to fully fund the new salary schedules. Congress of Micronesia P.L. 4C-49 authorized transfer allowances for U.S. and certain Micronesian employees upon initial recruitment. These costs are additional to those previously involved in recruitment. An increase of $11,600 is requested to fund these transfer allowances. One position for which recruitment was delayed in FY 1974 will require full funding in FY 1975. The amount of $7,200 is requested to fully fund this position.

(3) The high priority of Capital Improvement projects makes it necessary to operate our health facilities with less staff and with tighter allowances for supplies, equipment, and other support costs, $-435,200: The high priority of needed Capital Improvement projects as expressed repeatedly by the Congress of Micronesia and supported by the Administration makes it necessary to do all possible to hold down rising costs in Operations. In this budget staffing has been pruned wherever possible with 28 positions being dropped in FY 1975: Two U.S. and 26 Micronesians at a savings of $78,500. Tighter allowances for supplies, contractual services, equipment, travel and other support costs permit a decrease in the budget request of $356,700.

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| | Activity | FY 1974 Estimate | FY 1975 Estimate | Increase + Decrease - |
|---|---|---|---|---|
| 1. | **Health Services:** | | | |
| a. | Medical Administration | $ 363,800 | $ 377,000 | $ +13,200 |
| b. | Hospitals and Outer-Islands Dispensaries | 6,219,300 | 6,412,700 | +193,400 |
| c. | Environmental Health and Sanitation | 292,900 | 274,600 | -18,300 |
| d. | Dental Services | 444,600 | 469,300 | +24,700 |
| e. | Trust Territory School of Nursing | 237,500 | 241,100 | +3,600 |
| | Total | $7,558,100 | $7,774,700 | $+216,600 |

The Health Services Program is established to maintain and improve health and environmental conditions, minimize and eventually control communicable disease, establish standards of medical and dental care, encourage scientific investigations in the field of health, supervise and administer all government-owned hospitals, clinics, dispensaries and other medical and dental facilities.

a. Medical Administration:

FY 1974 $363,800, FY 1975 $377,000: Increase $13,200

The amount of $377,000 is required in FY 1975 for Medical Administration, an increase of $13,200 over FY 1974.

The administration and technical supervision of all health programs is carried out by specialists in the fields of medicine, dentistry, health services and hospital administration, nursing, environmental health and sanitation, health planning and evaluation, vital statistics, and medical equipment repair.

Comprehensive health planning has resulted in increasing implementation of Preventive Health Programs. A very active Health Council which meets at least three times per year provides guidance to the districts' health services staff in these areas. Programs in venereal disease detection, in cervical cancer detection and in loss of hearing detection in children are being accelerated.

In FY 1975, four new Micronesian positions will be added: One assistant chief nurse; one medical equipment repair specialist; one program analyst and one health educator. The latter two positions are now funded by Special Grant Funds. One U.S. position, Medical Equipment Repair Specialist, will be eliminated.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 2 U.S. Civil Service | 2 U.S. Civil Service |
| | 4 U.S. Contract | 3 U.S. Contract |
| | 6 U.S. Total | 5 U.S. Total |
| | 21 Micronesians | 25 Micronesians |

The increase of $13,200 includes normal salary increments of $6,400; full year funding of new salary schedules and transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49, $19,200; and the addition of four new Micronesian positions at $24,500. The increase is partially offset by the elimination of one U.S. position, $15,800; decreased travel, $13,100; supplies and materials, $3,000; and contractual services, $5,000.

### b. Hospitals and Outer Islands Dispensaries:

FY 1974 $6,219,300, FY 1975 $6,412,700: Increase $193,400

The amount of $6,412,700 is required in FY 1975 for Hospitals and Outer Islands Dispensaries, an increase of $193,400 over FY 1974.

The Trust Territory Government provides all the medical care that is available for the citizens of Micronesia. There are no private hospitals or pharmacies. There are no medical officers in private practice. Delivery of health care is almost exclusively carried out by Micronesian medical officers, dental officers, sanitarians, nurses, health aides and other paramedical personnel. The general level of health is quite good. Some of the outer island services are substandard in terms of appropriately trained health aides and good physical facilities. This is improving constantly with continuous health aide training programs and an accelerated dispensary replacement program.

Medical referrals, medical supplies, and medical/surgical equipment are included in the Hospitals and Outer Islands Dispensaries account.

Medical care is provided through the six district hospitals, three subdistrict hospitals and 154 outer island dispensaries. The new Ebeye Hospital and Kusaie Hospital of 22 beds each will be in operation in FY 1974 and FY 1975 respectively. The new Ponape Hospital of 120 beds will be under construction through FY 1975. The new 50-bed Yap Hospital is also expected to be under construction in FY 1975. All these capital improvements are indicative of efforts to modernize physical facilities as well as the training of personnel. Staffing these facilities with additional medical specialists is expected to reduce medical referrals although not necessarily medical referral expenditures, as off-island hospital fees have risen significantly in recent months. (In FY 1973, 443 inpatient and 259 outpatient visits to Guam and Honolulu clinics and hospitals were recorded. Total medical referral expenditures for hospital and medical fees, transportation and subsistence for patients and escorts approximated $740,000.)

In the final two months of FY 1973, the Trust Territory received grants for Maternal and Child Health and Crippled Children Programs. Activities in these areas as well as in family planning will accordingly be intensified. The mass immunization program (assisted by the Communicable Disease Center of Atlanta, Georgia) will continue. Greater efforts in Tuberculosis and Venereal Disease Control Programs are anticipated.

Vocational Rehabilitation, Developmental Disabilities and Mental Health will be given greater attention. In early FY 1974, a psychiatrist was employed to give impetus to the Trust Territory Mental Health Service.

Through the training of Medex (physician assistants), under the auspices of the University of Hawaii, better quality medical care is ensured the outer island population.

Increases in the number of admissions to hospitals and outpatient visits can be expected as a result of a growing population, increased tourism and imported workers, as well as expanded facilities. The increases are anticipated to be approximately 1,000 in admissions and 10,000 outpatient visits.

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| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 25 U.S. Contract | 25 U.S. Contract |
| | 996 Micronesians | 969 Micronesians |

The increase of $193,400 will provide for normal salary increments of $179,600; and for full year funding of new salary schedules and transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49. $354,700. These increases are partially offset by reductions in travel, $31,800; contractual services, $77,100; supplies and materials, $136,800; equipment, $32,800; and the elimination of twenty-seven Micronesian positions for a saving of $62,400.

c. Environmental Health and Sanitation:

FY 1974 $292,900, FY 1975 $274,600: Decrease $18,300

The amount of $274,600 is required for Environmental Health and Sanitation in FY 1975, a decrease of $18,300 below FY 1974.

The function of the Environmental Health and Sanitation Division is to develop a comprehensive program of environmental health to protect the public from diseases caused by unsanitary and polluted conditions. This division is also charged with assisting the Trust Territory Environmental Protection Board in their effort to develop and implement comprehensive and long-range plans for surveillance and control of all forms of pollution. Continued education and training of all sanitarians will be sponsored by the Environmental Protection Agency, Region IX, San Francisco and the South Pacific Commission.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 1 U.S. Contract | - 0 - U.S. |
| | 64 Micronesians | 62 Micronesians |

The decrease of $18,300 is primarily due to the elimination of one U.S. and two Micronesian positions at $21,800, as well as reduced travel, $10,500; supplies and materials, $1,900; and a sharp cut in equipment purchases, $11,400. Partially offsetting these decreases are increases covering normal salary increments, $9,300; and full year funding of new salary schedules and transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49, $18,000.

d. Dental Services:

FY 1974 $444,600, FY 1975 $469,300: Increase $24,700

The amount of $469,300 is required in FY 1975 for Dental Services, an increase of $24,700 over FY 1974.

The function of the Dental Services Division is to develop and implement a comprehensive program of dental health and education in order to promote quality dental care with emphasis on preventive dental care.

For the above reason, more effort will be directed towards dental care and education of school children as well as the general public. In addition, assistance will be given to dental care of those individuals seen in the maternal and child health care clinics.

Education of dental nurses and hygienists at the Dental School associated with the Micronesian Occupational Center will continue.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 1 U.S. Contract | 1 U.S. Contract |
| | 82 Micronesians | 80 Micronesians |

The increase of $24,700 will provide for normal salary increments of $17,300, and full year funding of new salary schedules and transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49, $36,100. The elimination of two Micronesian positions at $4,700, a reduction of $16,400 in equipment purchases, and $7,600 in other cost categories partially offset the increases.

e. Trust Territory School of Nursing:

FY 1974 $237,500, FY 1975 $241,100: Increase $3,600

A total of $241,100 is required for the Nursing School in FY 1975, an increase of $3,600 over FY 1974.

The School of Nursing, under the supervision of the Director of Health Services, provides nursing training to scholarship grantees. The training consists of a two and one-half year course of study in clinical and basic public health nursing.

The faculty provide instructions and supervision of all clinical and public health nursing.

Students are provided with transportation to and from their home district, uniforms, books, room and board, graduation pins and diplomas from the Trust Territory School of Nursing and University of Guam, plus stipends to cover personal hygienic necessities. Enrollment of students will be eighty (80).

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 1 U.S. Civil Service | 1 U.S. Civil Service |
| | 5 U.S. Contract | 5 U.S. Contract |
| | 6 U.S. Total | 6 U.S. Total |
| | 12 Micronesians | 13 Micronesians |

The increase of $3,600 includes normal salary increments of $4,600 and $6,600 for full year funding of new pay schedules and transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49, plus $1,700 for the addition of one Micronesian position. These increases are partially offset by decreases in contractual services of $6,400, in supplies and materials, $1,800, and in travel, $1,100.

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Trust Territory of the Pacific Islands

## TABLE I

## UTILIZATION OF HOSPITAL FACILITIES

Fiscal Year 1973

| District Hospital | Beds Available | Average Daily Census | Percent of Occupancy | Total Census Days | Outpatient Visits |
|---|---|---|---|---|---|
| Marianas | 92 | 49 | 53 | 17,937 | 38,587 |
| Marshalls | 88 | 68 | 77 | 24,750 | 58,374 |
| Palau | 82 | 51 | 62 | 18,725 | 40,822 |
| Ponape | 68 | 40 | 59 | 14,442 | 43,021 |
| Truk | 125 | 78 | 62 | 28,413 | 55,988 |
| Yap | 42 | 18 | 43 | 6,529 | 15,592 |
| Total | 497 | 304 | 61 | 110,796 | 252,384 |
| Sub-Hospitals | | | | | |
| Rota | 10 | 5 | 50 | 1,980 | 8,525 |
| Ebeye | 18 | 13 | 72 | 4,753 | 60,435 |
| Kusaie | 14 | 11 | 79 | 3,913 | 7,087 |
| Total | 42 | 29 | 69 | 10,646 | 76,047 |
| GRAND TOTAL | 539 | 333 | 61 | 121,442 | 328,431 |

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## TABLE II (1)

## PATIENT ADMISSIONS

| | FY 1970 | FY 1971 | FY 1972 | FY 1973 |
|---|---|---|---|---|
| TOTAL | 10,005 | 10,783 | 11,062 | 11,547 |
| Marianas | 1,750 | 1,788 | 1,672 | 1,679 |
| Marshalls | 1,263 | 1,594 | 1,784 | 2,007 |
| Palau | 2,168 | 2,297 | 2,039 | 2,114 |
| Ponape | 1,849 | 1,979 | 2,142 | 2,101 |
| Truk | 2,26[illegible] | 2,481 | 2,667 | 2,752 |
| Yap | 714 | 644 | 758 | 894 |

(1) Figures do not include admissions to subdistrict hospitals at Ebeye, Kusaie and Rota.

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2. Education: FY 1974 $12,839,500, FY 1975 $12,855,600: Increase $16,100. The increase consists of:

| | Increase (+) or Decrease (-) | | Total | Total | |
|---|---|---|---|---|---|
| | Amount | Positions | Program | Positions | Explanation |
| (1) | $ +483,800 | ... | ... | ... | Normal salary increments for 192 U.S. and 2,009 Micronesian ongoing positions. |
| (2) | +773,500 | ... | ... | ... | Full year funding of new U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51, costs of transfer allowances authorized by Congress of Micronesia P.L. 4C-49, and of positions partially lapsed in FY 1974. |
| (3) | -1,241,200 | -59 U.S.<br>+8 Micro | ... | ... | The high priority of Capital Improvement projects makes it necessary to operate our schools with less staff and much tighter allowances for supplies, equipment, travel and other support costs. |
| | $ +16,100 | -59 U.S.<br>+8 Micro | $12,855,600 | 192 U.S.<br>2,017 Micro | |

### Cost Factors Involved in Increases

(1) Normal salary increments for ongoing staff of 192 U.S., $78,900, and 2,009 Micronesians, $404,900.

(2) Full year funding of new U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51: Micronesians, $685,300, partially offset by U.S. decrease of $12,900. Cost of transfer allowances authorized by Congress of Micronesia P.L. 4C-49, $93,500. Full funding of positions partially lapsed in FY 1974, $7,600.

(3) Net decrease of 51 positions resulting in savings of $635,500 (drop 59 U.S., $684,500, add 8 Micronesians, $49,000). Decreases in travel, $39,400; supplies and materials, $372,200; equipment, $142,700; all other support costs, $51,400.

### Need for Increase:

(1) Normal salary increments for 192 U.S. and 2,009 Micronesian ongoing positions, $483,800: Normal within grade increases must be awarded except in the case of unsatisfactory performance. The Micronesian staff is a young staff and the pattern of an older staff higher in grade and in increments retiring and being replaced by youth lower in grade and in beginning increments will not be evident for some years to come. An increase of $483,800 is requested to meet these increased pay costs.

(2) Full year funding of new U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51, costs of transfer allowances authorized by Congress of Micronesia P.L. 4C-49, and of positions partially lapsed in FY 1974, $773,500: New U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51 became effective September 30, 1973. In FY 1975 the new salary schedules will be in effect the full year. The amount of $672,400 is requested to fully fund the new salary schedules. Congress of Micronesia P.L. 4C-49 authorized transfer allowances for U.S. and certain Micronesian employees upon initial recruitment. Those Micronesians recruited to work in other districts than their home district or recruited from other islands in their home district are eligible. Additionally, these same employees are eligible for transfer allowances if later transferred to new duty stations for the convenience of the Government. These costs are additional to those previously involved in recruitment. An increase of $93,500 is requested to fund these transfer allowances. Those few positions for which recruitment was delayed in FY 1974 will require full funding in FY 1975. The amount of $7,600 is requested to fully fund these positions.

(3) The high priority of Capital Improvement Projects makes it necessary to operate our schools with less staff and much tighter allowances for supplies, equipment, travel and other support costs, $-1,241,200: The high priority of needed Capital Improvement projects as expressed repeatedly by the Congress of Micronesia and supported by the Administration makes it necessary to do all possible to hold down rising costs in Operations. In this budget staffing has been pruned wherever possible while still providing for increased enrollment in our high schools. A net of 51 positions will be dropped in FY 1975: 59 U.S. positions will be dropped at savings of $684,500, 8 Micronesian positions will be added at a cost of $49,000; allowing a decrease of $635,500 in the budget request. Tighter allowances for supplies, equipment, travel and other support costs permit a decrease in the budget request of $605,700. Every effort will be made to sustain or better the current level of quality throughout our education programs.

## Trust Territory of the Pacific Islands

| | Activity | FY 1974 Estimate | FY 1975 Estimate | Increase + Decrease - |
|---|---|---|---|---|
| 2. | Education: | | | |
| a. | Administration | $ 976,200 | $ 1,123,700 | $+147,500 |
| b. | Elementary | 5,819,400 | 5,967,600 | +148,200 |
| c. | Secondary | 3,792,600 | 3,544,100 | -248,500 |
| d. | Scholarship and Medical Education | 632,800 | 632,600 | -200 |
| e. | Micronesian Occupational Center | 868,300 | 884,500 | +16,200 |
| f. | Community College of Micronesia | 459,600 | 435,700 | -23,900 |
| g. | Micronesian Maritime Center | 78,600 | 55,400 | -23,200 |
| h. | Aid to Non-Public Schools | 212,000 | 212,000 | - 0 - |
| | Total | $12,839,500 | $12,855,600 | $ +16,100 |

a. Administration:

FY 1974 $976,200, FY 1975 $1,123,700: Increase $147,500

A total amount of $1,123,700 is required for Education Administration in FY 1975, an increase of $147,500 over FY 1974.

The Department of Education is headed by a Director and a Deputy Director. Their immediate staff, whose function is to coordinate programs, channel information, and implement education policies throughout the six districts, includes two Assistant Directors and an Administrative Officer. The Administrative Officer has in-line authority over staff in the areas of finance, facilities, federal programs, student services, personnel services, and research and development. One Assistant Director has in-line authority over program staff in the areas of elementary, secondary, teacher and special education, library services, and English language programs instructional development. The other Assistant Director has in-line authority in the areas of vocational and pre-vocational programs, home economics, adult basic education, and manpower development and training programs. This Assistant Director acts as technical assistant to Micronesian Occupational Center, the Community College of Micronesia, and Micronesian Maritime Center.

At the district level, the District Directors of Education are responsible for the operation of all public schools. Each district operates one or more high schools, and from twelve to fifty-eight elementary schools. The District Directors' functions include implementation of policies; employment of teachers; assignment and direction of staff; requisitioning, storage and distribution of all supplies and equipment; and curriculum development. District staffs and Boards of Education are continually assessing and evaluating their needs for possible revision of direction of their programs, particularly in the area of economic skills.

Education Administration is responsible for all matters pertinent to the total operation of schools; e.g., management of logistic support, supervision and improvement of instruction, dormitory management, budget preparations, development of curriculum materials, in-service teacher training, determination of needs for school buildings and facilities; and participation in the development of long range policies and plans for education.

The District Directors of Education as well as the Directors of Micronesian Occupational Center, Community College of Micronesia, and Micronesian Maritime Center report to the Director of Education through the District Administrators.

In FY 1975, nine new Micronesian positions are added to strengthen administrative staffing in Ponape and Majuro. U.S. staffing remains at twenty-six in FY 1975, the same number as in FY 1974.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 2 U.S. Civil Service | 2 U.S. Civil Service |
| | 24 U.S. Contract | 24 U.S. Contract |
| | 26 U.S. Total | 26 U.S. Total |
| | 95 Micronesians | 104 Micronesians |

The increase of $147,500 will provide for normal salary increments of $33,900; full year funding of new salary schedules and costs of transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49, $87,500; and funding of nine new Micronesian positions at $44,100. These increases are partially offset by decreases in supplies, $5,100; equipment, $6,900; travel, $5,200; and a decrease of $800 in other cost categories.

b. Elementary:

FY 1974 $5,819,400, FY 1975 $5,967,600: Increase $148,200

A total of $5,967,600 is required for Elementary Education in FY 1975, an increase of $148,200 over FY 1974.

The public elementary school program provides eight years of schooling for the children of Micronesia in a system having 1,053 elementary classrooms in 219 schools with an estimated enrollment of 28,200 by FY 1975. This is an increase from the FY 1974 enrollment of 27,727. Education is compulsory for children of ages 6 through 14 or until the completion of the elementary program. Class sizes vary especially in small schools located on isolated islands. In many of the smaller schools, three or four grades are combined in one class. Due to sociological and geographical conditions it is impractical to consolidate these schools. The curriculum design and development includes language arts, mathematics, social studies, science and health, and homemaking.

A major effort for improvement in teaching capability is being made by restricting new teacher employment to high school graduates. Upgrading is being done by conducting intensive in-service training programs within each district, redesigning projects to support teacher training programs in each district, developing standardized approaches for curriculum design for Micronesia, shifting and redesigning organizational structures, starting programs to strengthen the supervisory and administrative support throughout Micronesia, and more effective recruitment. Additionally, special training programs at the East-West Center in Hawaii for Micronesian administrators and supervisors will be continued.

The development and adoption of curriculum materials that are culturally and geographically oriented to Micronesia has increased to the point where districts can expect prototype copies of curriculum materials for use in five grades of science and five grades of mathematics. Three years of bilingual/vernacular reading materials specifically developed for Micronesia will be available for the opening of school in September 1974.

In FY 1975, seventeen U.S. and thirty Micronesian positions are eliminated.

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| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 2 U.S. Civil Service | - 0 - U.S. Civil Service |
| | 30 U.S. Contract | 15 U.S. Contract |
| | 32 U.S. Total | 15 U.S. Total |
| | 1,417 Micronesians | 1,387 Micronesians |

The increase of $148,200 will provide for normal salary increments of $293,900 and for full year funding of new salary schedules and transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49, $484,100. These increases are partially offset by the elimination of seventeen U.S. positions, $221,600, and thirty Micronesian positions, $120,200; and by reduced requirements for travel, $11,600; supplies, $190,800; equipment, $62,000; and other costs, $23,600.

c. Secondary:

FY 1974 $3,792,600, FY 1975 $3,544,100: Decrease $248,500

A total of $3,544,100 is required for Secondary Education in FY 1975, a decrease of $248,500 from FY 1974.

The secondary school program normally provides four years of schooling in grades nine through twelve, though there is an emerging pattern of Junior High School and Post-Elementary Schools in at least three districts: Yap, Truk, and Marianas. A total of about 6,000 public enrollment in grades 9-12 is expected in FY 1975, an increase of 362 compared to the FY 1974 enrollment of 5,638. In the three eastern districts, the lack of either dormitory and/or instructional facilities make it necessary to limit enrollment on a selective basis. During FY 1975, limitations on enrollment will continue in spite of accelerated facility construction. Some of the public secondary schools provide dormitory accommodations, and the percentage of dormitory students ranges from 0% to approximately 80% for those schools located in district centers and is about 82% at Outer Islands High School in Yap District. The secondary schools that do not have dormitory facilities are on Saipan where students from other islands in the Marianas live in private homes under a student support program and in Yap proper where secondary students are bused. In other districts significant numbers of students also come to the district centers and live in private homes.

The instructional program in the secondary schools has been largely one of general education, but is being reevaluated for making changes which will meet Micronesian values and needs. It presently includes communication skills, arithmetic and basic mathematics, social studies, and physical and biological science at the introductory levels. In these general high schools, agriculture, industrial education, carpentry, boat and auto mechanics, electricity, drafting, homemaking, business (general business, typing, bookkeeping, business arithmetic, office practice) and physical education are included to a greater or lesser extent, dependent upon the availability of instructional staff and plant facilities at any one school. The achievement level of students is not equivalent to that found in the average secondary school in the United States, and generally ranges from three to five years below achievement levels based on U.S. standardized tests.

In FY 1975, thirty-four U.S. positions are eliminated and twenty-one new Micronesian positions are added.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 3 U.S. Civil Service | 3 U.S. Civil Service |
| | 144 U.S. Contract | 110 U.S. Contract |
| | 147 U.S. Total | 113 U.S. Total |
| | 371 Micronesians | 392 Micronesians |

The decrease of $248,500 results primarily from the elimination of thirty-four U.S. positions, $361,200, as well as reduced requirements for travel, $7,200; supplies, $148,300; and equipment, $70,100. The decrease is partially offset by the addition of twenty-one new Micronesian positions, $87,700; normal salary increments, $115,400; full year funding of new salary schedules and costs of transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49, $129,000; and a net increase of $6,200 in other costs.

d. Scholarship and Medical Education:

FY 1974 $632,800, FY 1975 $632,600: Decrease $200

A total of $632,600 is required for Scholarships in FY 1975, a decrease of $200 from FY 1974.

The Scholarship Office administers a program that provides full and partial scholarships at the University of Guam, University of Hawaii, mainland colleges and universities, various trade and technical schools, as well as schools in Fiji, New Guinea, and the Philippines. A full scholarship includes all costs pertaining to the pursuit of a degree while a partial scholarship may include tuition only, transportation, or such partial help as the student might need. It is expected that 95 full scholarships will be granted in FY 1975. Partial scholarships will furnish limited assistance to an estimated 258 students in FY 1975. This office also coordinates such training programs as are sponsored by World Health Organizations, American Field Service, United Nations Fellowships, East-West Center Scholarships and others that become available.

In FY 1974 the Congress of Micronesia also appropriated $330,000 of local revenues for scholarships. This was distributed to regular full scholarships ($250,000), graduate scholarships ($50,000), and partial scholarships ($30,000). A similar appropriation is anticipated in FY 1975.

There is no change in staff in FY 1975.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 2 U.S. Civil Service | 2 U.S. Civil Service |
| | 4 U.S. Contract | 4 U.S. Contract |
| | 6 U.S. Total | 6 U.S. Total |
| | 4 Micronesians | 4 Micronesians |

The decrease of $200 is the net result of increased costs for normal salary increments of $2,700; full year funding of new salary schedules and costs of transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49, $800; and reductions in travel, $500; supplies and materials, $2,300; and contractual services, $900.

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e. Micronesian Occupational Center:

FY 1974 $868,300, FY 1975 $884,500: Increase $16,200

A total of $884,500 is required in FY 1975 to fund the Micronesian Occupational Center, an increase of $16,200 over FY 1974.

Under the general supervision of the Director of Education, the Director of Micronesian Occupational Center is charged with the responsibility for the administration and supervision of this large Trust Territory-wide vocational school.

The Department of Education continues to place a strong emphasis on training and upgrading Micronesians to meet the challenges of Micronesia for today and for the future. In keeping with that emphasis, Micronesian Occupational Center is entrusted to develop a viable work force in the Trust Territory and coordinate its programs with Economic Development activities to ensure that its graduates are placed in positions for which they are capable, either in the private sector or in governmental agencies.

The Micronesian Occupational Center program offers courses in twenty-two (22) different occupational choices. Included are such vitally needed trades as appliance, automotive, and heavy equipment maintenance and repair, air conditioning, welding, electrical, plumbing, and institutional food preparation and serving. Anticipated enrollment for FY 1975 will be 400, compared to the 309 estimated enrollment for FY 1974, an increase made possible by the completion of the fourth dormitory.

In FY 1975, eight U.S. positions are eliminated and eight new Micronesian positions are added.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 26 U.S. Contract | 18 U.S. Contract |
| | 86 Micronesians | 94 Micronesians |

The increase of $16,200 consists of $25,500 for normal salary increments; $48,200 for full year funding of new salary schedules and costs of transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49; $37,400 for eight new Micronesian positions; $10,900 for additional equipment; and increased requirements of $2,800 for printing and $10,000 for other contractual services. These increases are partially offset by the elimination of eight U.S. positions, $102,900; and decreases of $9,600 in travel and $6,100 in supplies.

f. Community College of Micronesia:

FY 1974 $459,600, FY 1975 $435,700: Decrease $23,900

A total of $435,700 is required for the Community College of Micronesia in FY 1975, a decrease of $23,900 from FY 1974.

The Community College of Micronesia (CCM) is a two-year college specializing at the moment in elementary teacher education. Along with a core of general education, the College offers intensive work in spoken and written English, and courses in academic subjects related to elementary school programs. Principles and methods of teaching, observation, and supervised student teaching in elementary classrooms complete the course of training.

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In FY 1974, the Community College of Micronesia will have a total enrollment of 115 full-time students. Enrollment for FY 1975 is not expected to significantly differ. All students at CCM are on scholarship which covers their transportation to and from the school, room and board, and books. Presently, CCM awards the Associate in Science degree in Education. In June 1973, fifty-one (51) graduates were awarded this degree, an increase over the previous year's figure of thirty-five (35).

As part of the Trust Territory Department of Education, the faculty of the Community College is responsible for the planning, programming and budgeting for this two-year institution. Its function can best be described as evolving in a combination of an institute of higher learning capable of A.A. and A.S. programs, a source of consultative personnel, extension services, short-term community support programs and a center for curriculum development.

Specific programs which will be in effect in this time span are:

1. Pre-service elementary teacher program which will graduate fifty (50) or more A.S. students per year.
2. Teacher training program in the area of special education for the mildly handicapped.
3. An operational Instructional Materials Resource Center for use on a Trust Territory-wide basis.
4. Coordination and support services to each district in the development of extension and correspondence courses.
5. Leadership and supervisory training programs for district personnel.
6. Internship training for Micronesians who will become full instructors on the Community College staff.
7. The offering of Liberal Arts Courses as part of the total program leading to an A.A. degree.
8. Development and implementation of other programs as determined by district needs.

There is no change in staff in FY 1975.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 13 U.S. Contract | 13 U.S. Contract |
| | 31 Micronesians | 31 Micronesians |

The decrease of $23,900 includes reduced requirements for travel of $5,000; supplies, $13,600; equipment, $14,000; and reductions in other costs of $26,400. These decreases are partially offset by increases of $12,000 for normal salary increments, and $23,100 for full year funding of new salary schedules and costs of transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49.

g. Micronesian Maritime Center:

FY 1974 $78,600, FY 1975 $55,400: Decrease $23,200

A total of $55,400 is required in FY 1975 for Micronesian Maritime Center, a decrease of $23,200 from FY 1974.

Under the general supervision of the Director of Education and direct supervision of the Director of the Micronesian Maritime Center, this facility will train seamen so that they may obtain positions on board the vessels which ply the waters of the Trust Territory. The Education Department has acquired a fully operational ship to give trainees direct experience and first hand knowledge of maritime work.

The Department of Education places a strong emphasis on training Micronesians for Micronesia in place of bringing in employees from other parts of the world. The vessels which operate in Micronesia are primarily staffed with non-Micronesian employees because there has been no training facility easily available in which the indigenous residents of the Trust Territory could obtain the necessary skills.

Forty new students are enrolled each year replacing the forty graduates that are granted Able Seaman's papers upon completion of the program.

The scope of the program may be expanded in future years to allow other maritime training endeavors at which time additional funds will be required.

There is no change in staff in FY 1975.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 1 U.S. Contract | 1 U.S. Contract |
| | 5 Micronesians | 5 Micronesians |

The decrease of $23,200 includes increases of $400 for normal salary increments; $800 for full year funding of new salary schedules and costs of transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49 which are more than offset by decreased requirements for contractual services, $17,500; supplies, $6,000; and reductions in other costs, $900.

h. Aid to Non-Public Schools:

FY 1974 $212,000, FY 1975 $212,000: Increase $ - 0 -

The amount of $212,000 is required for Aid to Non-Public Schools in FY 1975, the same amount as in FY 1974.

Public Law 3C-36 enacted by the Congress of Micronesia for aid to non-public schools requires the Trust Territory to provide non-public school pupils with benefits equal to those provided to public school students in the areas of transportation, textbooks, accident insurance, testing, medical nursing services, supplies and apparatus, and feeding programs.

The Trust Territory has twenty-five (25) non-public elementary schools with an estimated enrollment of 3,377 students and thirteen (13) non-public Junior and Senior High Schools with an estimated enrollment of 1,577.

The ratio of cost per elementary pupil to cost per secondary pupil in public schools is approximately one to three. This same ratio is used in allocating funds to non-public schools; for every $1 given for elementary pupils, $3 is given for secondary pupils. The individual schools use the funds for the purposes outlined above.

There are no staff members paid from these funds.

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3. Public Affairs: FY 1974 $2,632,300, FY 1975 $1,969,600: Decrease $662,700. The decrease consists of:

| | Increase (+) or Decrease (-) | | Total | Total | |
|---|---|---|---|---|---|
| | Amount | Positions | Program | Positions | Explanation |
| (1) | $ +45,500 | ... | ... | ... | Normal salary increments for 10 U.S. and 199 Micronesian ongoing positions. |
| (2) | +84,000 | ... | ... | ... | Full year funding of new U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51 and costs of transfer allowances authorized by Congress of Micronesia P.L. 4C-49. |
| (3) | -207,200 | -3 U.S.<br>-4 Micro | ... | ... | The high priority of Capital Improvement projects makes it necessary to operate with less staff and tighter allowances for supplies, travel, equipment, grant-in-aid funds, and other support costs. |
| (4) | -135,000 | ... | ... | ... | Decrease due to elimination in FY 1975 of Congress of Micronesia Operations and Elections programs. |
| (5) | -450,000 | ... | ... | ... | Micronesian Constitutional Convention funded entirely in FY 1974. |
| | $-662,700 | -3 U.S.<br>-4 Micro | $1,969,600 | 10 U.S.<br>199 Micro | |

Cost Factors Involved in Increases

(1) Normal salary increments for ongoing staff of 10 U.S., $2,400; and 199 Micronesians, $43,100.

(2) Full year funding of new U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51: Micronesian increase of $81,300 partially offset by a $500 decrease for U.S. Cost of transfer allowances authorized by Congress of Micronesia P.L. 4C-49, $3,200.

(3) Drop three U.S. and four Micronesian positions at a savings of $70,500. Decreases in travel, $17,300; equipment, $16,100; grant-in-aid funds, $91,100; and all other support services, $12,200.

(4) Elimination of partial funding of Congress of Micronesia operations, $125,000. Elimination of Congress of Micronesia Elections program, $10,000.

(5) The Micronesian Constitutional Convention is funded in FY 1974. No budget request is made for FY 1975.

Trust Territory of the Pacific Islands

Need for Increase:

(1) Normal salary increments for 10 U.S. and 199 Micronesian ongoing positions, $45,500: Normal within grade increases must be awarded except in the case of unsatisfactory performance. The Micronesian staff is a young staff and the pattern of an older staff higher in grade and in increments retiring and being replaced by youth lower in grade and beginning increments will not be evident for some years to come. An increase of $45,500 is requested to meet these increased pay costs.

(2) Full year funding of new U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51 and costs of transfer allowances authorized by Congress of Micronesia P.L. 4C-49, $84,000: New U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51 became effective September 30, 1973. In FY 1975, the new salary schedules will be in effect the full year. The amount of $80,800 is requested to fully fund the new salary schedules. Congress of Micronesia P.L. 4C-49 authorized transfer allowances for U.S. and certain Micronesian employees upon initial recruitment. Those Micronesians recruited to work in other districts than their home district or recruited from other islands in their home district are eligible. Additionally, these same employees are eligible for transfer allowances if later transferred to new duty stations for the convenience of the Government. These costs are additional to those previously involved in recruitment. An increase of $3,200 is requested to fund these transfer allowances.

(3) The high priority of Capital Improvement projects makes it necessary to operate with less staff and tighter allowances for supplies, travel, equipment, grant-in-aid funds, and other support costs, $-207,200: The high priority of needed Capital Improvement projects as expressed repeatedly by the Congress of Micronesia and supported by the Administration makes it necessary to do all possible to hold down rising costs in Operations. A total of 7 positions (3 U.S. and 4 Micronesians) will be dropped in FY 1975 at savings of $70,500. Tighter allowances for supplies, travel, equipment, grant-in-aid funds, and other support costs permit a decrease in the budget request of $136,700.

(4) Decrease due to elimination in FY 1975 of Congress of Micronesia Operations and Elections programs, $-135,000: In FY 1975 the Congress of Micronesia will fully fund the costs of its operations and elections.

(5) Micronesian Constitutional Convention funded entirely in FY 1974, $-450,000: Although funded primarily by the Trust Territory Government, this program will be conducted by the Congress of Micronesia. All funds will be obligated to the Congress of Micronesia in FY 1974.

**Trust Territory of the Pacific Islands**

| | Activity | FY 1974 Estimate | FY 1975 Estimate | Increase + Decrease - |
|---|---|---|---|---|
| 3. | Public Affairs: | | | |
| a. | Office of the Director | $ 129,500 | $ 153,900 | $ +24,400 |
| b. | Legislative Liaison | 156,300 | 167,800 | +11,500 |
| c. | Civic Affairs | 217,600 | 217,000 | -600 |
| d. | Public Information | 223,100 | 217,900 | -5,200 |
| e. | Broadcasting | 352,700 | 358,400 | +5,700 |
| f. | Community Development | 265,200 | 242,400 | -22,800 |
| g. | Grant-in-Aid | 452,900 | 362,200 | -90,700 |
| h. | Housing Loan Fund | 250,000 | 250,000 | - 0 - |
| i. | Congress of Micronesia - Elections | 10,000 | - 0 - | -10,000 |
| j. | Congress of Micronesia - Operations | 125,000 | - 0 - | -125,000 |
| k. | Micronesian Constitutional Convention | 450,000 | - 0 - | -450,000 |
| | Total | $2,632,300 | $1,969,600 | $-662,700 |

The Public Affairs Department includes the Divisions of Legislative Liaison, Civic Affairs, Public Information, Broadcasting, Community Development, and the Government Print Shop, which is industrially funded. It is dedicated to the development and improvement of the Micronesian society. Emphasis is placed on the political development of the Territory as well as in the Community Development self-help programs.

a. Office of the Director:

FY 1974 $129,500, FY 1975 $153,900: Increase $24,400

A total of $153,900 is required for the Office of the Director of Public Affairs in FY 1975, an increase of $24,400 over FY 1974.

Under the general supervision of the High Commissioner, the Director of Public Affairs has supervisory responsibility over the Divisions of Civic Affairs, Legislative Liaison, Public Information, Broadcasting, Community Development (including Grant-in-Aid), and the Government Print Shop at Trust Territory Headquarters. The Director is responsible for organizing, planning, directing and coordinating all activities relating to these divisions of the Trust Territory Government. He advises the High Commissioner on policy matters relating to these divisions' activities; and makes continuing appraisal of their effectiveness in the performance of their assigned responsibilities in compliance with applicable law, regulation, policies and procedures. Similar functions are carried out in each of the six districts by a District Director of Public Affairs.

There is no change in staff in FY 1975.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 1 U.S. Civil Service | 1 U.S. Civil Service |
| | 9 Micronesians | 9 Micronesians |

The increase of $24,400 will provide for normal salary increments for ongoing positions of $5,100; full year funding of new salary schedules and costs of transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49, $18,300; and increased requirements for all other costs, $1,000.

b. Legislative Liaison:

FY 1974 $156,300, FY 1975 $167,800: Increase $11,500

A total of $167,800 is required to carry on the work of Legislative Liaison in FY 1975, an increase of $11,500 over FY 1974.

Under the general direction of the Director of Public Affairs, the Legislative Liaison Division is responsible for monitoring the Executive Branch bills submitted to the Congress of Micronesia for consideration and advising the High Commissioner,through the Director,of the status of current legislative proposals pending in the Congress. This responsibility entails ascertaining that all interested departments are kept appraised of the status of the 400 or more bills and resolutions introduced every session.

Each year the Division reviews the laws and resolutions adopted/enacted by the Congress of Micronesia and advises the departments and the district administrations of any changes and amendments to the current laws. The Division has been designated as the depository for all official communications for the High Commissioner and is responsible for maintaining up-to-date files of all laws and all executive orders issued by the Secretary of the Interior.

Upon the request by the District Administrations and the District Legislatures, the Legislative Liaison Division participates in the conduct of legislative and municipal workshops, and assists in the drafting of bills and ordinances. The Division monitors the 50 to 60 laws and resolutions which result from every session of each of the six District Legislatures. The functions of the Division are carried out in the districts by Legislative Liaison Offices, each consisting of a staff of three or more personnel. With the policy of decentralization already in effect, there is the ever growing need for headquarters and district staff to meet annually to exchange ideas on district problems and mutually related matters; to assess and evaluate policies and increase understanding of significant political developments as they relate to the problems of the Trust Territory.

The district legislative liaison offices participate in the conduct of municipal, district legislatures, and Congress of Micronesia elections. They recommend to the Election Commissioner members to serve on the District Election Board, and print and distribute election materials and instructions. Headquarters staff provides assistance as may be needed.

In FY 1975, a Micronesian clerk-typist will be added.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 29 Micronesians | 30 Micronesians |

The increase of $11,500 will provide for one new Micronesian position, $2,000; normal salary increments of $6,400; and full year funding of new salary schedules and costs of transfer allowances as authorized by Congress of Micronesia Public Laws 5-51 and 4C-49, $11,800. These increases are partially offset by reduced requirements for travel, $5,200; equipment, $1,300; and a reduction of $2,200 in other support costs.

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c. Civic Affairs:

FY 1974 $217,600, FY 1975 $217,000: Decrease $600

A total of $217,000 is required to support the continuation of the civic/political education and information programs within the Trust Territory in FY 1975, a decrease of $600 from FY 1974.

Under the general supervision of the Director of Public Affairs, the Civic Affairs Division at the Headquarters level is primarily responsible for the planning, developing, and implementing of programs of political education to encourage the people of Micronesia to fulfill their citizenship responsibilities by participating more fully in the affairs of their government at the territorial, district, and municipal levels.

With the future political status of Micronesia its main concern, the Division's efforts in FY 1974 and FY 1975 are devoted to an accelerated program of education for self-government designed to acquaint the Micronesian people with alternative forms of government, the advantages and disadvantages of each, the problems involved in self-government, etc. This program will prepare the people of Micronesia toward the time when they exercise their sovereign right of self-determination by choosing, in a plebiscite, the form of future political status by which they wish to be governed. The program is also designed so that the Micronesian people will be prepared to accept the responsibilities of productive citizenship and participate in their future government.

The Division's activities include the following: assisting district couterparts in conducting research and preparing discussion materials for legislative and municipal officials' workshops or political education conferences; providing advice and assistance to various district legislatures and municipal governments in updating their charters; preparing political education materials; and assisting the Legislative Liaison Division in providing assistance to the district legislative bodies in the conduct of their legislative business.

There is no change in staff in FY 1975.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 16 Micronesians | 16 Micronesians |

The decrease of $600 results from increases of $47,100 for part time and temporary Micronesian personal services, more than offset by decreases in equipment, $22,400; other services, $11,300; supplies and materials, $10,000; travel, $2,900; and printing, $1,100.

d. Public Information:

FY 1974 $223,100, FY 1975 $217,900: Decrease $5,200

A total of $217,900 is required for the Public Information Division in FY 1975, a decrease of $5,200 from FY 1974.

The Public Information Division is primarily a Headquarters function with its major programs devoted to gathering, evaluating, preparing and disseminating information on a Territory-wide level. In addition, it funds one position (Information Specialist) in four of the Territory's six districts. The district specialists report to the District Administrator; however, this specialist in each district receives advice, assistance and training from Headquarters personnel.

Furthermore, the Headquarters staff provides assistance to districts in circulating news and other information between the six district broadcast stations and other news media. The Headquarters staff also sends to the districts news and other information produced at Headquarters for district use.

A principal function of the Public Information Division is to develop a network of communication, knowledge and understanding throughout the Territory. This involves daily dispatches to and from the District's radio stations and newspapers, together with a twice-monthly printed review of information for distribution to government employees, students and community leaders. Assistance in the form of writing and graphic presentation of material is given to the Department's political education program. The goal: to provide residents with a complete, pertinent credible information source for news of events and thoughts within their own communities and throughout the Territory, as well as to provide political information material as a foundation for an enlightened citizenry.

As a second function, the Public Information Division must prepare and disseminate information about the Territory to people in the United States and the world community. This is a growing need, not only because of increasing tourism and general interest, but to inform Americans and others about this Pacific Island Territory which is seeking to determine its future political status.

A third function is the preparation and publication of numerous brochures, handbooks and reports, including those to the United Nations and the Secretary of the Interior. Public and press relations are part of another increasingly important departmental activity as there becomes a greater international awareness of Micronesia.

To meet these needs, the following major activities have been programmed:

MICRONESIAN NEWS SERVICE -- A daily, comprehensive, credible report of Micronesia's newsworthy events. Through the Headquarters Public Information Division, this material is gathered and distributed via teletype to district radio stations and newspapers as well as to news media on Guam, and by daily air mail to national press wire services and selected newspapers. Now six years old, MNS has established itself as a responsible source of news and information. It provides a comprehensive report that reaches all regions of the Territory in English and in the vernacular. News service operations have been expanded to include distribution of a weekly tape-recorded summary of news events to the Territory's broadcast stations as well as stations on Guam, Kwajalein and in Hawaii. In addition, limited distribution of a printed version of this weekly summary is carried out.

HIGHLIGHTS -- A twice-monthly newsletter (with special editions as required) from the High Commissioner, with a circulation throughout all districts, among Micronesians outside the Trust Territory and members of the U.S. Congress and others outside Trust Territory. It covers matters of concern to all residents and others interested in the Territory, with emphasis on major activities of the Executive, Legislative and Judicial Branches of the Government.

MICRONESIAN REPORTER -- A quarterly journal of Micronesia, addressing itself to an audience of interested readers within and outside the Territory, reporting developments in politics, society and business, commenting on travel and culture, and providing a forum for expressing a variety of viewpoints concerning the administration, Micronesian legislative bodies, and other forces influencing the direction of the Territory.

Major emphasis in the Division's operations in FY 1975 will be placed on strengthening the various district public information programs. Assistance through training for Information Specialists in the districts will continue to receive priority.

In FY 1975, one U.S. position will be abolished.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 2 U.S. Civil Service | 2 U.S. Civil Service |
| | 2 U.S. Contract | 1 U.S. Contract |
| | 4 U.S. Total | 3 U.S. Total |
| | 15 Micronesians | 15 Micronesians |

The decrease of $5,200 is the net result of increases for normal salary increments of $6,000; full year funding of new salary schedules and costs of transfer allowances as authorized by Congress of Micronesia Public Laws 5-51 and 4C-49, $7,500; additional travel, $4,700; equipment, $1,600; and the elimination of one U.S. position, $24,700; and reduced requirements in other support costs, $300.

e. Broadcasting:

FY 1974 $352,700, FY 1975 $358,400: Increase $5,700

A total of $358,400 is required for Broadcasting in FY 1975, an increase of $5,700 over FY 1974.

The Broadcast Division of the Public Affairs Department in the Trust Territory consists of six radio stations, one located in each administrative district and a Broadcast and Training Center at Headquarters, which serves as the administrative, training, planning, coordinating, equipment procurement, advisory, and programming office for the entire system.

The Division is responsible for keeping the six broadcast stations on the air for up to 18 hours daily, providing their listeners with news, entertainment, information and educational programs. The stations also serve as a direct communication link between district centers and outlying villages or islands having no other means of communication. During typhoons or other natural disasters the stations often remain on the air around the clock broadcasting information vital to the preservation of life and property.

In FY 1975, Broadcast Division will continue its emphasis on training of radio announcers, news directors, program directors and broadcast station managers and on the production of an increased percentage of programming on all stations which will fulfill the cultural, educational, informational and entertainment needs of the Micronesian people.

In FY 1975, one new Micronesian position will be added and one U.S. position abolished.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 3 U.S. Civil Service | 2 U.S. Civil Service |
| | 72 Micronesians | 73 Micronesians |

The increase of $5,700 will provide for one new Micronesian position, $11,000; normal salary increments, $12,100; and full year funding of new salary schedules and costs of transfer allowances as authorized by Congress of Micronesia Public Laws 5-51 and 4C-49, $21,500. These increases are partially offset by the elimination of one U.S. position, $21,800; and reduced requirements for travel, $9,000; supplies, $2,500; equipment, $2,100; and other support costs, $3,500.

### f. Community Development

FY 1974 $265,200, FY 1975 $242,400: Decrease $22,800

A total of $242,400 is required for Community Development in FY 1975, a decrease of $22,800 from FY 1974.

Under the general supervision of the Director of Public Affairs, this Division seeks to improve Micronesian living by working with individuals, groups, and communities. Community Development programs are aimed at improving the capability of Micronesian individuals and groups to achieve a new social coherence for more effective participation in modern living. Individuals are reached directly through leadership training and community education broadcasting. This Division also coordinates several special federally funded social services programs. Job experience, remedial education and counseling to 131 out-of-school youths is provided by the Neighborhood Youth Corps. An average of 60 youths are regularly receiving practical work skills at the Job Corps in Hawaii. Community groups receive technical guidance in organizing scouting, recreation, women's clubs, community centers, and community wide social activities. In addition, this Division administers a housing program for low-income families.

District level community development workers maintain regular contact with numerous villages and offer a variety of technical services:

> Demonstration of improved technology such as wind generators, fiberglass water tanks, salt water distillers, and low-cost construction devices.
>
> Instruction in improved home economics in such areas as sewing, household safety, consumer information, appliance and home maintenance, family budgeting, and nutrition.
>
> Providing of information and guidance to local leaders organizing cooperative or community improvement projects, annual celebrations, or promoting maximum use of local resources for construction of public facilities.
>
> Advisory assistance to women's groups to increase their participation in modern community affairs.

This Division is also responsible for assisting in the coordination of Red Cross aid to disaster stricken areas. It works in close cooperation with OEO programs and the Peace Corps. Assistance to elderly Micronesians is provided through this Division's Office on Aging, an HEW funded program. A comprehensive youth services program also funded by HEW is recently underway. Finally, this Division operates a 250 title film library for use by public and community service agencies. In FY 1975, one U.S. and four Micronesian positions will be abolished.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 3 U.S. Civil Service | 2 U.S. Civil Service |
| | 1 U.S. Contract | 1 U.S. Contract |
| | 4 U.S. Total | 3 U.S. Total |
| | 42 Micronesians | 38 Micronesians |

The decrease of $22,800 consists of the elimination of one U.S., $21,900, and four Micronesian positions, $10,400; and reduced requirements for travel, $5,000; equipment, $5,500; and other support costs, $900. These decreases are partially offset by the $8,100 increase for normal salary increments, and $12,800 for full year funding of new salary schedules and costs of transfer allowances as authorized by Congress of Micronesia Public Laws 5-51 and 4C-49.

g. Grant-in-Aid:

FY 1974 $452,900, FY 1975 $362,200: Decrease $90,700

A total of $362,200 is required for the Grant-in-Aid program in FY 1975, a decrease of $90,700 from FY 1974.

The Grant-in-Aid program, supervised by local Community Development Offices, assists Micronesian communities, usually remote or outer-island villages in carrying out self-help projects. These projects are initiated by the local communities which provide cash, local materials and land as a matching contribution to the Government's cash grant. Projects include copra work boats, bridges, seawalls, water supply systems, warehouses, electrical power, community sawmills, ice machines, municipal buildings and recreation facilities.

In FY 1973, over 70 projects were awarded grants. The Government's contribution was $343,772; the communities' contributions in cash and/or in kind totaled $143,400. In FY 1974, $357,900 is available for grants. In FY 1975, funds available for grants are reduced by $91,100 to a total of $266,800.

In FY 1975, two Micronesian positions will be abolished.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 1 U.S. Civil Service | 1 U.S. Civil Service |
| | 20 Micronesians | 18 Micronesians |

The decrease of $90,700 includes a $91,100 reduction in the funds available for grants, $4,700 from the elimination of two Micronesian positions and a slight decrease in all other support costs of $3,700. These are partially offset by the $3,300 increased costs for normal salary increments and $5,500 for full year funding of new salary schedules and costs of transfer allowances as authorized by Congress of Micronesia Public Laws 5-51 and 4C-49.

h. Housing Loan Fund:

FY 1974 $250,000, FY 1975 $250,000: Increase - 0 -

A total of $250,000 is requested for the Housing Loan Fund Program in FY 1975, the same amount as FY 1974.

The Low-Cost Housing Loan Fund continues to provide seed capital to the six district housing authorities to generate increased local interest in improved housing for low-income Micronesian families.

As a result of such efforts since FY 1971, the Congress of Micronesia passed the Community Housing Act of 1973, a major step toward creating the uniform organization and management infrastructure needed for further growth of the program.

In addition, the district Housing Authorities now have 265 loans outstanding. There is also evidence of a marked increase in understanding by community leaders of the need for decent, safe and sanitary housing for all Micronesians.

An equal share of the housing loan fund is distributed to each of the six districts.

i. Congress of Micronesia - Elections:

FY 1974 $10,000, FY 1975 $ - 0 -: Decrease $10,000

No funds are requested in FY 1975 for Congress of Micronesia - Elections.

In FY 1975 the Congress of Micronesia will fund the costs of elections from its locally generated revenues.

j. Congress of Micronesia - Operations:

FY 1974 $125,000, FY 1975 $ - 0 -: Decrease $125,000

No funds are requested in FY 1975 for Congress of Micronesia - Operations.

In FY 1975 the Congress of Micronesia will fully fund the costs of its operations from its locally generated revenues.

k. Micronesian Constitutional Convention:

FY 1974 $450,000, FY 1975 $ - 0 -: Decrease $450,000

No funds are requested in FY 1975 for the Micronesian Constitutional Convention.

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4. Resources and Development: FY 1974 $5,524,000, FY 1975 $7,764,500: Increase $2,240,500. The increase consists of:

| | Increase (+) or Decrease (-) | | Total | Total | |
|---|---|---|---|---|---|
| | Amount | Positions | Program | Positions | Explanation |
| (1) | $ +136,100 | ... | ... | ... | Normal salary increments for 67 U.S. and 709 Micronesian ongoing positions. |
| (2) | +258,200 | ... | ... | ... | Full year funding of new U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51, costs of transfer allowances authorized by Congress of Micronesia P.L. 4C-49, and of positions partially lapsed in FY 1974. |
| (3) | +2,093,700 | -1 U.S.<br>+2 Micro | ... | ... | Full implementation of accelerated Lands and Surveys program on public lands. |
| (4) | -247,500 | -4 U.S.<br>-5 Micro | ... | ... | The high priority of Capital Improvement projects makes it necessary to operate all Divisions except Lands and Surveys with tighter allowances for equipment, contractual services, travel and other support costs. |
| | $+2,240,500 | -5 U.S.<br>-3 Micro | $7,764,500 | 67 U.S.<br>709 Micro | |

Cost Factors Involved in Increases

(1) Normal salary increments for ongoing staff of 67 U.S., $34,600, and 709 Micronesians, $101,500.

(2) Full year funding of new U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51: U.S., $36,400, and Micronesians, $188,800. Cost of transfer allowances authorized by Congress of Micronesia P.L. 4C-49, $24,400. Full funding of positions partially lapsed in FY 1974, $8,600.

(3) Increases in contractual services, $2,061,200; travel, $27,900; supplies and materials, $54,700; and in personal services for two (net) additional Micronesian positions, $1,600. Partially offset by decreases in equipment, $43,500; other object classes, $700; and in U.S. personal services due to the elimination of one position, $7,500.

(4) Four U.S. positions eliminated at a savings of $43,300, and five Micronesian positions dropped with savings of $9,600. Decreases in travel, $26,100; contractual services, $102,500; and equipment purchases, $86,100. Partially offset by an increase in all other support services, $20,100.

Need for Increase:

(1) Normal salary increments for 67 U.S. and 709 Micronesian ongoing positions, $136,100: Normal within grade increases must be awarded except in the case of unsatisfactory performance. The Micronesian staff is a young staff and the pattern of an older staff higher in grade and in increments retiring and being replaced by youth in lower grade and beginning increments will not be evident for some years to come. An amount of $136,100 is requested to meet these increased pay costs.

(2) Full year funding of new U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51, costs of transfer allowances authorized by Congress of Micronesia P.L. 4C-49, and of positions partially lapsed in FY 1974, $258,200: New U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51 became effective September 30, 1973. In FY 1975 the new salary schedules will be in effect the full year. The amount of $225,200 is requested to fully fund the new salary schedules. Congress of Micronesia P.L. 4C-49 authorized transfer allowances for U.S. and certain Micronesian employees upon initial recruitment or upon transfers. These costs are additional to those previously involved in recruitment. An increase of $24,400 is requested to fund these transfer allowances. A few positions for which recruitment was delayed in FY 1974 will require full funding in FY 1975. The amount of $8,600 is requested to fully fund these positions.

(3) Full implementation of accelerated Lands and Surveys program on public lands, $2,093,700: On October 5, 1973, the Secretary of the Interior gave his approval to a plan calling for an early return to local title and control of so-called public lands in the Trust Territory of the Pacific Islands. The basis for his decision was extensive study in the field and in Washington by the Office of Territorial Affairs and the Office for Micronesian Status Negotiations. In order to effect this land return in as just a manner as possible, the Secretary felt that an accelerated land and survey effort on all lands claimed by the Trust Territory Government must be undertaken quickly in order to facilitate completion of the status negotiations. In the FY 1974 First Supplemental, $800,000 was appropriated for that purpose. A major part of the work is scheduled for FY 1975 and an increase of $2,093,700 is requested to continue the program.

(4) The high priority of Capital Improvement projects makes it necessary to operate all Divisions except Lands and Surveys with tighter allowances for equipment, contractual services, travel and other support costs, $-247,500: The high priority of needed Capital Improvement projects as expressed repeatedly by the Congress of Micronesia and supported by the Administration makes it necessary to do all possible to hold down rising costs in Operations. In this budget staffing has been cut slightly. Four U.S. and 5 Micronesian positions are dropped with savings of $52,900. Tighter allowances for contractual services, travel, and other support costs along with a significant drop in nonrecurring equipment purchases permit a decrease in the budget request of $194,600. All divisions in Resources and Development are affected except Lands and Surveys.

Trust Territory of the Pacific Islands

| | Activity | FY 1974 Estimate | FY 1975 Estimate | Increase + Decrease - |
|---|---|---|---|---|
| 4. | Resources and Development: | | | |
| a. | Office of the Director | $ 94,000 | $ 104,100 | $ +10,100 |
| b. | Agriculture | 1,547,900 | 1,550,900 | +3,000 |
| c. | Economic Development | 568,000 | 564,600 | -3,400 |
| d. | Marine Resources | 602,800 | 571,000 | -31,800 |
| e. | Lands and Surveys | 2,630,500 | 4,891,700 | +2,261,200 |
| f. | Labor Division | 80,800 | 82,200 | +1,400 |
| | Total | $5,524,000 | $7,764,500 | $+2,240,500 |

Under the general supervision of the Director of Resources and Development, this organizational element is responsible for the development, conservation, and management of the Trust Territory's natural and human resources. It is composed of the divisions of Agriculture, Economic Development, Marine Resources, Lands and Surveys, and Labor.

a. Office of the Director:

FY 1974 $94,000, FY 1975 $104,100: Increase $10,100

A total of $104,100 is required to operate the Office of the Director in FY 1975, an increase of $10,100 over FY 1974.

The principal function of the Office of the Director is the coordination and supervision of the various resources and development programs of the Trust Territory, including the furnishing of services and assistance to the people of the Territory in the areas of business development, fisheries, agriculture, labor, industries, foreign investment, tourism, and lands and surveys. The Director also serves as an advisor to the High Commissioner on all matters concerning the economic development of Micronesia.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 1 U.S. Civil Service | - 0 - U.S. Civil Service |
| | 1 U.S. Contract | 2 U.S. Contract |
| | 2 U.S. Total | 2 U.S. Total |
| | 4 Micronesians | 4 Micronesians |

The increase of $10,100 will provide $4,700 for normal salary increments, $12,100 for full year funding of new salary schedules and transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49, and increases of $6,300 for travel, and $2,000 for supplies. These increases are partially offset by the savings due to shifting one key civil service to contract, $12,500; and a net reduction of $2,500 in other costs.

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b. Agriculture:

FY 1974 $1,547,900, FY 1975 $1,550,900: Increase $3,000

A total of $1,550,900 is required for Agriculture in FY 1975, an increase of $3,000 over FY 1974.

The basic function of the Division of Agriculture is to provide technical assistance to farmers in the form of training, technical advice and information, education, and extension services. Given the proper technical assistance the farmer is encouraged to produce principally to neutralize imports and subsequently export where feasible. The changes in demand and taste necessitate a certain change of emphasis from a subsistence level of agriculture development to a more commercialized caliber.

Crop and livestock promotion programs take the bulk of the operating funds of the Agriculture Division. This includes coconut rehabilitation and planting in the Marshalls, Truk, Ponape and outer islands of Yap. The coconut program involves on-the-farm advice in thinning groves to an optimum of 70 palms per acre, replanting senile groves,planting new areas, organization of copra producers cooperatives, developing warehousing and transportation systems, and education and training of farmers in new techniques of culture and marketing of copra. The aim is to rehabilitate and/or replant approximately 4,000 acres of coconut land in these areas.

The cattle, hog and poultry programs involve the production of beef, pork and eggs in the Marianas for domestic use and export to Guam; production of poultry products and pork in all districts for domestic use to offset imports. To achieve the projected production goal, this activity operates and maintains 250 acres of grazing, feed grass improvement areas, and beef, hog and poultry breeding and rearing facilities and stock. It demonstrates pasture improvement techniques and provides bulldozer service for pasture land clearing at a nominal cost.

The livestock program also operates three USDA approved slaughterhouses which are used by the ranchers. Through the Poultry Management Specialist, on-the-farm advice for economical poultry units of a minimum of 1,000 layers is a continuing program until local demand for eggs is met.

Veterinary medical, surgical and preventive medicine will continue to be offered to all livestockmen. It will also provide meat inspection and animal quarantine inspection to protect the public health and agricultural economy.

Vegetable production program's goal is to neutralize imports and reduce cash outflow by increasing food production in all districts to fulfill local demand. Production in the Marianas (because of irrigation and better growing conditions) will be to fulfill local demand and for export to Guam.

Ponape Island black pepper production is expected to increase. Additional plantings will be encouraged with progressive and aggressive farmers. Banana production for export to the Marsnalls or Guam markets will also increase. Continuous extension service will be provided to the vegetable, fruit and livestock farmers. Also production inputs of machinery, fertilizer and insecticides as well as marketing facilities will be improved.

The Entomological Service provides technical advice and direction for controlling and/or eradicating pests. In FY 1975, specific biological control programs against the coconut rhinoceros beetle, brown coconut scale and fluted scale will be continued.

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The Conservation Service program is concerned with terrestrial conservation including soil, water, range, forest and wildlife. Efforts will be devoted to participation in school programs, the production of posters, news media and radio broadcasts to inform and make the public become more aware of the fact that conservation is everybody's business.

The Plant Pathology Service is another program for the purpose of research, prevention and control of plant diseases of vegetables, bananas, black pepper, breadfruit, citrus and tuber crops.

The Forestry Service activities include planting selected trees on private and government forest lands; nursery maintenance and plant distribution; watershed establishment; parks and recreation; and wood utilization and research.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 10 U.S. Civil Service | 9 U.S. Civil Service |
| | 6 U.S. Contract | 6 U.S. Contract |
| | 16 U.S. Total | 15 U.S. Total |
| | 278 Micronesians | 271 Micronesians |

The net increase of $3,000 results from increases of $40,800 for normal salary increments, $75,000 for full year funding of new salary schedules and transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49. Further increases result from promotions for a few selected positions, $2,500; from an increase in supplies and materials, $21,200; and from full year funding of one position partially lapsed in FY 1974, $3,600. Almost entirely offsetting the increases are reductions of $13,700 in travel, $10,000 in freight, $34,400 in other services, and $55,200 in equipment, as well as a decrease in salaries due to the elimination of one U.S. position, $10,200, and seven Micronesian positions, $16,600.

c. Economic Development:

FY 1974 $568,000, FY 1975 $564,600: Decrease $3,400

A total of $564,600 is required for Economic Development in FY 1975, a decrease of $3,400 from FY 1974.

The functional responsibilities of the Headquarters and District Economic Development Division focus on three interrelated areas, namely:

a) promotion and development of private business enterprise including cooperative and credit union, tourism and private foreign investment,

b) provision of needed management and business advisory services to the Micronesian business communities, including specialized assistance in the preparation of re-investment and marketing studies, and

c) provision of administrative and technical support to the Economic Development Loan Fund (EDLF) and the District Economic Development Boards in administering the Government-and Congress of Micronesia-funded EDLF loan programs and in regulating the activities of private foreign investors in the Trust Territory. Liaison with the Small Business Administration is the responsibility of the Headquarters Economic Development Division as well as any investment promotional activities outside the Trust Territory.

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Micronesia's economic situation today is portrayed as being a dual economy, having over 50% of its 110,000 population receiving sustenance primarily from subsistence fishing and farming (many as copra cutters). The people living at or near the administrative district centers, approximately 37% of the population, live mostly on private and government employment and are highly dependent upon foods and other basic necessities imported from abroad. The cost of living in these islands appears to have a direct relationship to the rising price of imported goods, thus the demand for higher wages to compensate for the price increases. The inordinate imbalances between import and export over the years have been a major concern, and this situation further exemplifies the need to continue the business advisory program which has been launched in the districts in order to provide short-time management and business consultant services to local entrepreneurs--from organizing a business to getting it operating effectively.

In FY 1973, Tourism earned roughly $3.5 million with some 47,000 visitors. By 1975, accommodations and plans permitting, it is estimated that the inflow of tourism into the Trust Territory will reach in excess of 80,000 annually, bringing potential expenditures to more than $6 million. Effort will continue in educating the Micronesian people in all aspects of tourism, assisting the district Tourist Commissions in the formulation, promotion and development of their district tourism programs; conducting basic research; and disseminating informative and descriptive materials on Micronesia. The Headquarters Economic Development Division's Tourism Branch will continue to supplement promotional and advertising activities now largely carried on by carriers, hotels, and travel agents, and will continue to interest and assist entrepreneurs into entering hotel/motel businesses and related tourism enterprises such as charter fishing, specialty shops and handicraft production.

In promoting private foreign investment (U.S. only) the Headquarters Economic Development Division will continue to educate the Micronesian people of the importance of augmenting domestic resources through regulated introduction of desirable outside capital and expertise. In this regard, continued emphasis will be made to provide technical support and guidance to the six District Economic Development Boards in their efforts to regulate and promote desirable investment requiring outside capital and expertise. There is presently in Micronesia about $50 million worth of private U.S. investment. Since the implementation of the Foreign Investors Act in 1970, about 150 applications to do business have been received: 64 approved; 23 disapproved; the rest have been withdrawn or are under consideration by the District Boards.

The Economic Development Division is also responsible for providing technical assistance, on a continuing basis, to some 91 chartered cooperatives and credit unions operating in all six districts of the Territory. Headquarters and District Economic Development staffs provide short-term consultation on cooperative/credit union business management, setting up double-entry bookkeeping, establishing appropriate training programs and supplying educational materials to these organizations. An additional responsibility of the cooperative and Credit Union personnel is to provide technical support to the District Fisheries Authorities which have recently been created by the Congress of Micronesia in each district to encourage fish production by fishing cooperatives. As of December 31, 1972, roughly 12,500 Micronesians were members of a cooperative. Credit unions throughout the Territory have over 11,000 members. The members investment in these organizations must be protected so as to encourage a continuity of their services to the island communities. It should be noted that the participation of Micronesians in the cooperatives and credit unions throughout the Territory represent over 10 percent of the Territory's population.

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| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 5 U.S. Civil Service | 5 U.S. Civil Service |
| | 6 U.S. Contract | 6 U.S. Contract |
| | 11 U.S. Total | 11 U.S. Total |
| | 48 Micronesians | 49 Micronesians |

The decrease of $3,400 results from reductions of $14,200 in travel, $9,100 in printing, $18,100 in other services, and $8,900 in equipment purchases which are partially offset by the $11,800 increase for normal salary increments, $27,600 for the new salary schedules and transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49, $6,800 for a new Micronesian position and an additional $700 for supplies.

d. Marine Resources:

FY 1974 $602,800, FY 1975 $571,000: Decrease $31,800

A total of $571,000 is required for Marine Resources in FY 1975, a decrease of $31,800 from FY 1974.

Under the general direction and supervision of the Director of the Department of Resources and Development, the Marine Resources Division is charged with the responsibility for the development and management of a Trust Territory-wide program in marine resources. The Division determines the overall content and general direction of district programs and functions from that point forth in an advisory and supportive capacity. The major involvement of the Division includes the conservation, protection, and utilization of plants and animal species; the suppression of illegal harvesting; the promotion and technical development of both inshore and offshore commercial fisheries; the design, building, and dry-docking of commercial utility and sports craft; the applied development of methods for the selection and use of species valuable for commercial mariculture production; and the training and certification of Micronesian divers used in starfish control and environmental protection programs. These responsibilities are carried out through a Headquarters office in Saipan, the Micronesian Mariculture Demonstration Center in Palau, and District Marine Resources offices in Truk, Ponape, Palau, and Yap.

In FY 1975, planning will be initiated in the Marshalls District in preparation for programs which are scheduled for FY 1976. Offshore tuna fisheries will be initiated and supported in conjunction with private enterprise, and the boats and necessary equipment will be designed. Feasibility studies will be made in areas of fish farming and related mariculture programs. The public will be made aware of conservation practices and problems and a conservation master plan will be developed.

Continuing Headquarters Programs include the Micronesian Mariculture Demonstration Center. A newly developed capability for marine engineering and marine architectural design services is being utilized to reinforce district planning in the various areas of marine resources. Headquarters now has the capability to design, build, and drydock boats, as well as other marine-related support facilities to meet specific district needs.

In Ponape, dockside facilities development awaits landfill completion, while offshore fishing is being developed through a dory building project. During fiscal year 1974, seven to eight dories will have been put into active offshore fishing service.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 2 U.S. Civil Service | 2 U.S. Civil Service |
| | 12 U.S. Contract | 10 U.S. Contract |
| | 14 U.S. Total | 12 U.S. Total |
| | 62 Micronesians | 63 Micronesians |

The decrease of $31,800 results from a $50,300 decrease in other services, reductions of $21,900 in equipment purchases, $7,500 in other costs, and savings from the elimination of two U.S. positions, $10,600. These are partially offset by increases of $14,100 to fund normal salary increments and one new Micronesian position; $26,400 for the new salary schedules and transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49. An additional increase of $18,000 is also needed to make up for the loss of reimbursable work performed in FY 1974.

e. Lands and Surveys:

FY 1974 $2,630,500, FY 1975 $4,891,700: Increase $2,261,200

A total of $4,891,700 is required for Lands and Surveys in FY 1975, an increase of $2,261,200 over FY 1974.

Under the general supervision and direction of the Director of Resources and Development, the Division of Lands and Surveys performs a variety of both public land management and private land title registration services for the Trust Territory Government and the people of Micronesia.

The Division is responsible for four programs:

(1) Land Cadaster Program - in conjunction with the Land Commissions, investigating, determining, and registering the title of all land parcels.

(2) Surveying and Mapping Program - surveying, monumenting, and mapping the boundaries of each parcel of land.

(3) Land Resources Program - inventorying the use capability and resources of all land units as they are surveyed.

(4) Real Property Management Program - coordinating the acquisition of private lands for public use and benefit and the homesteading or leasing of public lands; investigating property damage claims; reviewing non-citizen leases of Micronesian lands; and determination of land values.

The program as now structured commenced on January, 1970. Between that date and July 31, 1973, boundaries of 3,886 parcels have been surveyed, monumented and mapped; preliminary title inquiries affecting 5,517 parcels have been held; formal hearings leading to final determination of 4,063 parcels have been held; provisional title has been issued for 2,630 tracts; and 31,881 land records have been secured, microfilmed, examined and translated (when necessary). Generalized land use capability surveys have been completed for the four principal islands in the Mariana Islands; a territory-wide survey of historic and cultural sites has been completed; 378 homesteading deeds have been issued; and the titles to 482 parcels have been cleared and certified as being available for the Capital Improvements Program.

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In FY 1974, a study made by the Office for Territorial Affairs and the Office for Micronesian Status Negotiations showed that the people in the districts wanted the public lands in the districts turned over to the control of the districts before the termination of the Trusteeship agreement. A policy statement on the transfer of public lands to the districts, issued by the United States Government in November, 1973, assigned the responsibility for implementation of the policy to the High Commissioner of the Trust Territory, with instructions and guidance to be provided by the Department of the Interior.

In FY 1974, an outline for the plan for conducting the work was developed by the staff of the Division of Lands and Surveys. This plan will be refined and made applicable to the continuation of the work as experience is gained in contracting survey work by means of aerial photographs and photogrammetric techniques together with conventional ground surveys to be used where photogrammetry is not adequate for a complete survey. Funds appropriated in the FY 1974 First Supplemental provided for the initial stage of the work. Funds requested in FY 1975 will cover the major portion of the task. It is anticipated that further amounts will be requested in FY 1976 and FY 1977 with completion scheduled for 1977.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 8 U.S. Civil Service | 8 U.S. Civil Service |
| | 20 U.S. Contract | 19 U.S. Contract |
| | 28 U.S. Total | 27 U.S. Total |
| | 305 Micronesians | 307 Micronesians |

The increase of $2,261,200 provides for normal salary increments of $59,500; full year funding of new pay schedules and for transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49, $103,000; full year funding of positions partially lapsed in FY 1974, $5,000; and for two new Micronesian positions, $1,600. Contractual services are increased in the amount of $2,061,200; travel increases $27,900; and supplies and materials, $54,700. These increases are partially offset by decreases in equipment, $43,500; in U.S. personal services due to the elimination of one position, $7,500; and minor amounts totaling $700 in other object classes.

### f. Labor Division:

FY 1974 $80,800, FY 1975 $82,200: Increase $1,400

A total of $82,200 is required for the Labor Division in FY 1975, an increase of $1,400 over FY 1974.

Under the general supervision of the Director of the Resources and Development Department, the Labor Division administers the Protection of Resident Workers Act in the Trust Territory. This involves regulation and control of labor contracts and of importation of alien workers; the establishment of public employment service offices for resident workers; administration of all manpower programs; and other matters related to working conditions and employment, including accident and health reports, investigations of complaints, hearings, etc.

Headquarters operations are supervised by the Chief of Labor. The Chief of Labor is responsible for promulgation of rules and regulations for control of alien workers seeking to enter the Trust Territory to work in the private sector only as needed and when qualified Micronesian workers are not available.

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The Division of Labor conducts continual surveys to determine job opportunities, training program needs, and manpower resources. Counseling services are provided. Quarterly reports on all alien workers, accident and health reports, payroll information, etc., are filed in accordance with recent legislation.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 1 U.S. Contract | - 0 - U.S. |
| | 15 Micronesians | 15 Micronesians |

The $1.400 increase will provide for normal salary increments, $2,900; full year funding of new salary schedules authorized under Public Law 5-51, $5,500; and increased travel and equipment requirements, $4,500. These increases are partially offset by the elimination of one U.S. position, $10,000, and minor reductions in printing, $800; supplies, $500; and other services, $200.

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5. Protection to Persons and Property: FY 1974 $2,404,200, FY 1975 $2,645,800: **Increase** $241,600. The increase consists of:

| Increase (+) or Decrease (-) | | Total | Total | |
|---|---|---|---|---|
| Amount | Positions | Program | Positions | Explanation |
| (1) $ +92,700 | ... | ... | ... | Normal salary increments for 27 U.S. and 409 Micronesian ongoing positions. |
| (2) +225,800 | ... | ... | ... | Full year funding of new U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51, costs of transfer allowances authorized by Congress of Micronesia P.L. 4C-49, and of positions partially lapsed in FY 1974. |
| (3) -83,500 | -1 U.S.<br>+2 Micro | ... | ... | Minor change in staffing in the Division of Public Safety as well as reduced requirement for educational travel and nonrecurring equipment purchases. |
| (4) +6,600 | -1 U.S.<br>+1 Micro | ... | ... | Replacement of a U.S. clerk typist by a Micronesian plus minor changes in other program areas. |
| $+241,600 | -2 U.S.<br>+3 Micro | $2,645,800 | 27 U.S.<br>412 Micro | |

### Cost Factors Involved in Increases

(1) Normal salary increments for ongoing staff of 27 U.S., $7,500, and 409 Micronesians, $85,200.

(2) Full year funding of new U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51: U.S., $37,200, and Micronesians, $154,400. Cost of transfer allowances authorized by Congress of Micronesia P.L. 4C-49, $7,600. Full year funding of positions partially lapsed in FY 1974, $26,600.

(3) In the Division of Public Safety, eliminate one U.S. position at $21,500, partially offset by the addition of two Micronesian positions at $4,200. Further Public Safety decreases for travel, $20,900; supplies, $12,900; equipment purchases, $25,300; and all other support costs, $7,100.

(4) In other program areas, increases for contractual services, $4,700, and supplies and materials, $8,200, are partially offset by a decrease of $2,600 in all other supporting costs, as well as by savings of $3,700 resulting from replacement of a U.S. position by a Micronesian position.

Need for Increase:

(1) Normal salary increments for 27 U.S. and 409 Micronesian ongoing positions, $92,700: Normal within grade increases must be awarded except in the case of unsatisfactory performance. The Micronesian staff is a young staff and the pattern of an older staff higher in grade and increments being replaced by youth in lower grade and beginning increments will not be evident for some years to come. An increase of $92,700 is requested to meet these increased pay costs.

(2) Full year funding of new U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51, costs of transfer allowances authorized by Congress of Micronesia P.L. 4C-49, and of positions partially lapsed in FY 1974, $225,800: New U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51 became effective September 30, 1973. In FY 1975 the new salary schedules will be in effect the full year. The amount of $191,600 is requested to fully fund the new salary schedules. Congress of Micronesia P.L. 4C-49 authorized transfer allowances for U.S. and certain Micronesian employees upon initial recruitment. These costs are additional to those previously involved in recruitment. An increase of $7,600 is requested to fund these transfer allowances. Those positions for which recruitment was delayed in FY 1974 will require full funding in FY 1975. The amount of $26,600 is requested to fully fund these positions.

(3) Minor change in staffing in the Division of Public Safety as well as reduced requirement for educational travel and nonrecurring equipment purchases, $-83,500: The elimination of one U.S. Civil Service position at $21,500 and the addition of two Micronesian positions at $4,200 reduces personnel costs by $17,300. Educational travel involved in the training of police will be reduced $20,900 and nonrecurring equipment purchases will be reduced $25,300. Other reductions, primarily in supplies and contractual services account for a further reduction of $20,000.

(4) Replacement of a U.S. clerk typist by a Micronesian plus minor changes in other program areas, $6,600: Replacement of a U.S. Contract position by a Micronesian position will reduce personnel costs by $3,700 in the Office of the Attorney General. Increases in contractual services, $4,700, and supplies and materials, $8,200, are partially offset by reductions in other cost areas of $2,600.

| | Activity | FY 1974 Estimate | FY 1975 Estimate | Increase + Decrease - |
|---|---|---|---|---|
| 5. | Protection to Persons and Property: | | | |
| a. | Office of the Attorney General | $ 456,100 | $ 510,300 | $ +54,200 |
| b. | Immigration | 124,300 | 133,200 | +8,900 |
| c. | Public Safety | 1,287,700 | 1,373,900 | +86,200 |
| d. | Public Defender | 276,100 | 325,300 | +49,200 |
| e. | Local Judiciary | 260,000 | 303,100 | +43,100 |
| | Total | $2,404,200 | $2,645,800 | $+241,600 |

a. Office of the Attorney General:

FY 1974 $456,100, FY 1975 $510,300: Increase $54,200

A total of $510,300 is required for the Office of the Attorney General in FY 1975, an increase of $54,200 over FY 1974.

The Attorney General's Office (excluding Immigration and Public Safety) is responsible for carrying out the legal and law enforcement programs of the Trust Territory Government. The office provides the legal services required by the Government and renders legal opinions when requested by the High Commissioner or other officials of the Trust Territory Government and represents the Government in all litigation in which the Government is a party or has any interest, including the prosecution of all criminal cases. The office has overall responsibility for the administration of all Trust Territory contracts. It drafts or reviews all legislation proposed by the Executive Branch of the Government and reviews and recommends Executive actions on all acts passed by the Congress of Micronesia. It also testifies on most of the legislation before the Congressional committees.

The Trust Territory Government must be involved in providing the above described legal services as there are no local resources to provide same. The Public Defender's Office, the Peace Corps Volunteer lawyer program and the OEO Legal Services Program do not provide a substitute for said services.

The goal of the Attorney General's Office is to meet the challenge, the need for increased legal services due to the rapid development of Micronesia, in both governmental and private sectors. The immediate and accurate response to requests for legal services must be continued to insure that the proper legal approach is taken by the Government. In FY 1975 the program of the Office of the Attorney General will continue at the existing level.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 3 U.S. Civil Service | 3 U.S. Civil Service |
| | 14 U.S. Contract | 13 U.S. Contract |
| | 17 U.S. Total | 16 U.S. Total |
| | 20 Micronesians | 21 Micronesians |

The increase of $54,200 provides $7,100 for normal salary increments; $43,800 for full year funding of new salary schedules and transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49; $2,000 for an additional Micronesian position; and for small increases of $1,100 in printing, $2,900 in other services, $3,700 in supplies and materials, and $600 in other costs. The abolishment of one U.S. position, $5,700, and a $1,300 decrease in equipment needs partially offset the increases.

b. Immigration:

FY 1974 $124,300, FY 1975 $133,200: Increase $8,900

A total of $133,200 is required for Immigration in FY 1975, an increase of $8,900 over FY 1974.

Under the general supervision of the Attorney General, the Immigration Division administers and controls the entrance, movement and departure of persons, vessels, and aircrafts in the Trust Territory. Rules, regulations, and operational instructions are established and promulgated for execution by personnel at Headquarters and the six District Immigration Offices. The Immigration Offices are also responsible for applications and issuance of Trust Territory passports and provide the back up work for the United States Consular functions.

The number of persons making applications to enter the Trust Territory for purposes of tourism, business, employment, etc., has substantially increased. Over 40,000 entries were made in calendar year 1972. The number of alien workers has reached the 1,500 figure. In FY 1973 the Mariana Islands District alone witnessed over 1,310 aircraft entries, and 131 vessels. The increase in number of entries is expected to grow at a significant rate during FY 1975 when airports, hotels, and tourist accommodations that are now under construction are completed.

Our goal is an effective and efficient control of all entries and movements of persons, aircrafts and vessels in the Trust Territory.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 24 Micronesians | 24 Micronesians |

The increase of $8,900 will provide for normal salary increments, $5,000, and $9,700 for full year funding of new salary schedules authorized by Congress of Micronesia Public Law 5-51. Decreases of $4,600 in travel and $1,200 in other costs partially offset the increases.

c. Public Safety:

FY 1974 $1,287,700, FY 1975 $1,373,900: Increase $86,200

The amount of $1,373,900 is required for Public Safety in FY 1975, an increase of $86,200 over FY 1974.

Public Safety has the responsibility for law enforcement, fire fighting, and jails in the Trust Territory, registration of vehicles, and licensing of drivers and firearms.

The law enforcement includes primarily patrol, investigation, and the arrest of offenders. Fire fighting includes the handling of brush and structural fires, airport crash and rescue, and inspection of buildings. In district jails, humane incarceration as well as work projects for those serving time must be provided. The Division issues drivers' licenses and inspects and licenses private vehicles.

All the above is supervised and coordinated by Headquarters Public Safety. Headquarters supervision includes assistance with certain district investigations, coordination and planning of training programs, helping with district budgeting and regular inspection of district operations. Headquarters makes certain investigations with its own personnel or personnel borrowed from the districts. Headquarters personnel give special training for policemen and firemen.

An increase in crime rates, together with a growing resident and tourist population and the increasing stock of public and private property, necessitates a more stringent enforcement and application of the law. To meet this challenge, continued emphasis will be placed on training. This will insure that life and property will be protected by well-manned, well-equipped, and well-trained fire and police forces.

The training is being conducted mostly in Saipan. Training will be conducted at all levels. There will be training for recruits, for firemen, for supervisors, for command, and training in specialties such as identification, investigation, traffic, and narcotics.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 2 U.S. Civil Service | 1 U.S. Civil Service |
| | 3 U.S. Contract | 3 U.S. Contract |
| | 5 U.S. Total | 4 U.S. Total |
| | 296 Micronesians | 298 Micronesians |

The increase of $86,200 will provide $55,900 for normal salary increments, $92,300 for full year funding of new salary schedules authorized by Congress of Micronesia Public Law 5-51; $17,400 for full funding of two positions partially lapsed in FY 1974; $4,100 for increased overtime and $4,200 for two additional Micronesian positions. Partially offsetting these increases are a decrease from eliminating one U.S. position, $21,500; and reductions of $25,300 in equipment, $20,900 in travel, $12,900 in supplies and materials, and $7,100 in all other cost categories.

### d. Public Defender:

FY 1974 $276,100, FY 1975 $325,300: Increase $49,200

A total of $325,300 is required for the Public Defender program in FY 1975, an increase of $49,200 over FY 1974.

The Public Defender administers and supervises the operation of the Public Defender systems; provides legal counsel to any person who requires defense in civil or criminal court proceedings; represents persons involved in civil actions where the Government is an adverse party; conducts training programs for Public Defender's Representatives; develops and submits to the Office of the High Commissioner basic operating programs and procedures; and advises and assists Trial Assistants. In each of the six districts, there are one or more Public Defender's Representatives who are responsible for operating the district office of the Public Defender; investigating and recording facts surrounding each case under their cognizance occurring in their district; advising clients regarding their rights in the law; preparing briefs of evidence presented in lower courts; and acting as interpreter or translator. This office is also responsible for preparing petitions for Pardon and Parole as required by law.

The case load has been constantly increasing; from FY 1970 to FY 1972, the number of criminal cases handled increased from 1,681 to 2,000; juvenile cases from 185 to 250; civil cases from 126 to 200. This case load is expected to continue to rise.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 1 U.S. Civil Service | 1 U.S. Civil Service |
| | 6 U.S. Contract | 6 U.S. Contract |
| | 7 U.S. Total | 7 U.S. Total |
| | 24 Micronesians | 24 Micronesians |

The increase of $49,200 covers the costs of normal salary increments, $8,600; full year funding of new salary schedules and transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49, $27,300; full funding of two positions partially lapsed in FY 1974, $9,200; and increases of $1,300 in travel, $1,800 in other services, and $4,000 in supplies and materials. A $3,000 decrease in equipment needs slightly offset the total increase.

e. Local Judiciary:

FY 1974 $260,000, FY 1975 $303,100: Increase $43,100

An amount of $303,100 is needed for the Local Judiciary in FY 1975, an increase of $43,100 over FY 1974.

The Local Judiciary, composed of six District Courts and one hundred twenty-five Community Courts, is administered overall by the High Court Justices and directly by the Micronesian Presiding Judge in each district. All of these courts are staffed entirely by Micronesians, exclusive of the Judges of the Kwajalein Community Court, who serve without extra compensation for their judicial duties at the U.S. Army's Kwajalein Test Site.

Each District Court has original jurisdiction in all civil cases where the amount or value of the property involved does not exceed $1,000, except admiralty and maritime matters and the adjudication of title to land or any interest therein (other than the right to immediate possession), and in all criminal cases where the maximum punishment which may be imposed does not exceed a fine of $2,000 or imprisonment for 5 years, or both.

Each Community Court has original jurisdiction in all civil cases where the amount claimed or value of the property involved does not exceed $100, except admiralty and maritime matters and the adjudication of title to land or any interest therein (other than the right to immediate possession), and in all criminal cases where the maximum punishment which may be imposed does not exceed a fine of $100 or imprisonment for 6 months, or both.

The overall goal of these courts will continue to be the just and prompt hearings of cases within their jurisdictions. In addition, these courts will continue to serve as valuable training grounds for Micronesians to move toward increasingly responsible positions in the judicial and legal fields.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 45 Micronesians | 45 Micronesians |

The increase of $43,100 will provide for normal salary increments, $12,000; full year funding of new salary schedules authorized by Congress of Micronesia Public Law 5-51, $26,100, and a $600 increase in supplies and materials and an increase of $4,400 for equipment.

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6. Administration: FY 1974 $5,221,000, FY 1975 $5,306,500: Increase $85,500. The increase consists of:

| | Increase (+) or Decrease (-) | | Total | Total | |
|---|---|---|---|---|---|
| | Amount | Positions | Program | Positions | Explanation |
| (1) | $+122,000 | ... | ... | ... | Normal salary increments for 93 U.S. and 528 Micronesian ongoing positions. |
| (2) | +269,200 | ... | ... | ... | Full year funding of new U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51, costs of transfer allowances authorized by Congress of Micronesia P.L. 4C-49, and of positions partially lapsed in FY 1974. |
| (3) | -305,700 | -3 U.S.<br>-3 Micro | ... | ... | The high priority of funding Capital Improvement projects necessitates reducing operating activities to minimum levels. |
| | $ +85,500 | -3 U.S.<br>-3 Micro | $5,306,500 | 93 U.S.<br>528 Micro | |

Cost Factors Involved in Increases

(1) Normal salary increments for ongoing staff, 93 U.S. at $27,600 and 528 Micronesians at $94,400.

(2) Full year funding of new U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51: U.S., $7,000 and Micronesians, $223,400. Cost of transfer allowances authorized by Congress of Micronesia P.L. 4C-49, $24,400. Full year funding of positions partially lapsed in FY 1974, $14,400.

(3) Decrease in staffing of three U.S. and three Micronesian positions results in a savings of $30,800. Other decreases include travel, $23,300; contractual services, $114,600; supplies, $17,000; equipment purchases, $78,400; and all other supporting costs, $41,600.

Need for Increase:

(1) Normal salary increments for 93 U.S. and 528 Micronesian ongoing positions, $122,000: Normal within grade increases must be awarded except in the case of unsatisfactory performance. The Micronesian staff is a young staff and the pattern of an older staff higher in grade and in increments retiring and being replaced by youth in lower grade and in beginning increments will not be evident for some years to come. An increase of $122,000 is requested to meet these increased pay costs.

(2) Full year funding of new U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51, costs of transfer allowances authorized by Congress of Micronesia P.L. 4C-49, and of positions partially

lapsed in FY 1974, $269,200: New U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51 became effective September 30, 1973. In FY 1975 the new salary schedules will be in effect the full year. The amount of $230,400 is requested to fully fund the new salary schedules. Congress of Micronesia P.L. 4C-49 authorized transfer allowances for U.S. and certain Micronesian employees upon initial recruitment. Those Micronesians recruited to work in other districts than their home district or recruited from other islands in their home district are eligible. Additionally, these same employees are eligible for transfer allowances if later transferred to new duty stations for the convenience of the Government. These costs are additional to those previously involved in recruitment. An increase of $24,400 is requested to fund these transfer allowances. Those positions for which recruitment was delayed in FY 1974 will require full funding in FY 1975. The amount of $14,400 is requested to fully fund these positions.

(3) The high priority of funding Capital Improvement projects necessitates reducing operating activities to minimum levels, $-305,700: The high priority of needed Capital Improvement projects as expressed repeatedly by the Congress of Micronesia and supported by the Administration makes it necessary to do all possible to hold down rising costs in Operations. A slight decrease in staffing (3 U.S. and 3 Micronesians) in FY 1975 permits a savings of $30,800. Tighter allowances for equipment, contractual services, supplies, travel, and other support costs result in a decrease of $274,900.

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| | Activity | FY 1974 Estimate | FY 1975 Estimate | Increase + Decrease - |
|---|---|---|---|---|
| 6. | Administration: | | | |
| a. | Offices of the District Administrators | $1,133,300 | $1,153,400 | $+20,100 |
| b. | Administrative Services | 320,700 | 318,300 | -2,400 |
| c. | Office of the Director of Finance | 55,700 | 55,600 | -100 |
| d. | Financial Management System | 159,700 1/ | 121,700 | -38,000 |
| e. | Finance and Accounting | 747,200 | 771,800 | +24,600 |
| f. | Automatic Data Processing | 309,100 | 333,300 | +24,200 |
| g. | Procurement and Supply | 917,100 | 947,400 | +30,300 |
| h. | Personnel Department | 544,700 | 600,800 | +56,100 |
| i. | Leased Housing Fund | 330,000 | 310,000 | -20,000 |
| j. | Internal Audit | 119,800 | 121,000 | +1,200 |
| k. | Program and Budget Office | 260,000 | 268,300 | +8,300 |
| l. | Personnel Benefits | 280,000 | 263,000 | -17,000 |
| m. | Disaster Control Office | 43,700 | 41,900 | -1,800 |
| | Total | $5,221,000 | $5,306,500 | $+85,500 |

1/ Includes $75,000 of FY 1974 funds currently in a requested reprogramming to fund the Comptroller for Guam as authorized by Public Law 93-111.

Administration is a grouping of general services and management activities, including the Offices of the District Administrators, Administrative Services, Finance (Office of the Director, Financial Management System, Finance and Accounting, Automatic Data Processing, and Procurement and Supply), Personnel (Personnel Department and Leased Housing Fund), Internal Audit, Program and Budget, Disaster Control, and Personnel Benefits.

a. Offices of the District Administrators:

FY 1974 $1,133,300, FY 1975 $1,153,400: Increase $20,100

A total of $1,153,400 is required for the Offices of the District Administrators in FY 1975, an increase of $20,100 over FY 1974.

For administrative purposes, the Trust Territory is divided into six administrative districts: the Marianas, Palau, Yap, Truk, Ponape, and the Marshalls, and seven subdistricts: Rota (Marianas), Ulithi (Yap), Satawan and Namonwito (Truk), Kusaie (Ponape), and Ebeye and Jaluit (Marshalls). Each district is headed by a District Administrator who is appointed by the High Commissioner and who exercises general administrative supervision over all operations, programs, and functions of the Trust Territory Government in his assigned district. He exercises administrative authority in accordance with all applicable laws, regulations, policies and procedures, and is responsible for full and proper compliance with all such directives.

The locale of decision making within the Trust Territory is being increasingly decentralized to the District level to place administrative responsibility at the local level, closer to the actual situation and problem and to secure maximum involvement of the Micronesian people in program planning and management. For example, District Administrators and key members of their staffs now submit and defend their budgets at hearings held by the Congress of Micronesia.

In FY 1975, two U.S. positions will be eliminated from the Office of the District Administrator, Truk: an Accountant and a Secretary. District Treasurer positions (all Micronesians) will be added in the Yap, Ponape, and Marshalls districts. Three Micronesian clerical positions will be eliminated, one in Yap and two in the Marshalls.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 11 U.S. Civil Service | 10 U.S. Civil Service |
| | 8 U.S. Contract | 7 U.S. Contract |
| | 19 U.S. Total | 17 U.S. Total |
| | 104 Micronesians | 104 Micronesians |

The increase of $20,100 will provide for normal salary increments of $34,000 and for full year funding of new salary schedules and transfer allowance costs authorized by Congress of Micronesia Public Laws 5-51 and 4C-49, $88,500. The increase is almost entirely offset by the elimination of two U.S. positions, $28,100; a $32,500 decrease in equipment; and a $41,800 decrease in other object codes.

b. Administrative Services:

FY 1974 $320,700, FY 1975 $318,300: Decrease $2,400

A total of $318,300 is required for Administrative Services in FY 1975, a decrease of $2,400 from FY 1974.

Included in Administrative Services are the Office of Management Services, which provides mail and messenger services for operating departments, and LNO offices in Guam and Honolulu, which provide assistance to college students and medical referrals and perform other liaison functions. A third LNO office is located in Okinawa. The Okinawa liaison office is the contact with the Defense Department in obtaining military surplus supplies and equipment for the Trust Territory.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 8 U.S. Civil Service | 8 U.S. Civil Service |
| | 4 U.S. Contract | 4 U.S. Contract |
| | 12 U.S. Total | 12 U.S. Total |
| | 8 Micronesians | 8 Micronesians |

The decrease of $2,400 results from the $9,900 reduction in equipment purchases being partially offset by the increases of $5,100 for normal salary increments and $2,400 for full year funding of new salary schedules and transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49.

c. Office of the Director of Finance:

FY 1974 $55,700, FY 1975 $55,600: Decrease $100

A total of $55,600 is required for the Office of the Director of Finance in FY 1975, a decrease of $100 from FY 1974.

The Office of the Director of Finance gives general supervision to and is responsible for the operations of the Divisions of Revenue, Finance and Accounting, Automatic Data Processing, and Procurement and Supply. The Financial Management System Implementation Team works under this Office's direct supervision. This office is also responsible for coordination with the Micronesian Claims Commission d the Government of Japan with respect to the Micronesian Claims Act of 1971. e U.S. staff consists of the Director (who reports directly to the High mmissioner) and his secretary.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 2 U.S. Civil Service | 2 U.S. Civil Service |

The decrease of $100 results from an increase for normal salary increments, $1,500; and transfer allowance costs as authorized by Congress of Micronesia Public Law 4C-49, $400; and a $2,000 decrease in travel.

d. Financial Management System:

FY 1974 $159,700, FY 1975 $121,700: Decrease $38,000

A total of $121,700 is required for the Financial Management System Implementation in FY 1975, a decrease of $38,000 from FY 1974.

The present Trust Territory Financial Management System was designed many years ago to accommodate a total program of less than $5 million. As the Trust Territory program grew both in dollar amounts and in complexity, it was readily apparent that a new System was needed. In FY 1970, a nationally known CPA firm was awarded a contract to design a new system. The design of the new System (and the new Financial Management System Manual) was completed in late FY 1971.

The implementation plan focuses on training, cleanup of existing accounting records, data processing systems analysis, programming, testing, and conversion and updating of the completed System to accommodate the recommendations of the Office of Survey and Review, Department of the Interior.

The team will conduct training sessions throughout the Trust Territory, correct and prepare existing accounting records for conversion to automated processing and assist the districts with initial preparation of input documents.

In FY 1975, one additional Micronesian systems accountant will be required.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 4 U.S. Contract | 4 U.S. Contract |
| | 3 Micronesians | 4 Micronesians |

The decrease of $38,000 results from decreases of $63,200 in other services and $3,400 in equipment purchases more than offsetting a $3,800 increase for normal salary increments; $9,600 for full year funding of new salary schedules plus transfer allowance costs authorized by Congress of Micronesia Public Laws 5-51 and 4C-49; $5,900 for the addition of one Micronesian position; and $9,300 for full year funding of positions partially lapsed in FY 1974.

e. Finance and Accounting:

FY 1974 $747,200, FY 1975 $771,800: Increase $24,600

A total of $771,800 is required for Finance and Accounting in FY 1975, an increase of $24,600 over FY 1974.

Under the general supervision of the Director of Finance, the Finance and Accounting Division includes the office of the Division Chief at Headquarters and the offices of the District Finance Officers in each district who are under the direct supervision of the District Administrators but receive technical guidance and assistance for the proper accounting of all public monies and the vouchering and costing functions. It develops accounting systems, establishes accounting policies at all levels; it prepares reports and statements; supervises payrolling and disbursing functions; and enforces policies governing the collections of debts owed to the Government.

In addition to its primary function of disbursing and accounting for the regular budgeted program funds, including payrolling of over 7,000 employees scattered throughout the Territory, this Division has many collateral responsibilities. These include disbursement of appropriated funds for Peace Corps Micronesia; disbursement and accounting for more than $5 million of Congress of Micronesia funds; disbursement and accounting for substantial (approximately $8 million) amounts of Federal HEW and other grants; handling several million dollars of Trust and related funds; and disbursement and accounting for $10,000,000 of Micronesian War Claims, including $5,000,000 in goods and services from Japan.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 8 U.S. Civil Service | 8 U.S. Civil Service |
| | 5 U.S. Contract | 4 U.S. Contract |
| | 13 U.S. Total | 12 U.S. Total |
| | 128 Micronesians | 124 Micronesians |

The increase of $24,600 will provide for normal salary increments of $28,600 and $43,400 for full year funding of new salary schedules and transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49. Offsetting these increases are decreases from eliminating one U.S. position, $14,700, and four Micronesian positions, $8,700; as well as decreases in travel, $5,800; equipment, $10,600; and $7,600 from all other cost categories.

f. Automatic Data Processing:

FY 1974 $309,100, FY 1975 $333,300: Increase $24,200

A total of $333,300 is required for Automatic Data Processing in FY 1975, an increase of $24,200 over FY 1974.

Under the general supervision of the Director of Finance, the Automatic Data Processing Division consists of three sections: Systems Analysis, Programming, and Operations, all of which report to the Chief of the Division.

Present equipment installed is the IBM 360/Model 25 Computer with three disk drives, one card reader/punch, and one high speed printer attached. Present applications include: U.S. and Micronesian Payroll, Supply Inventory System, Requisition Status Reporting System, Utility Billings and Accounting, Public

Health Birth and Death Records, Micronesian Social Security System, Accounts Payable and Journal Voucher Accounting, Capital Item Inventory, Micronesian Income Tax Accounting, Congress of Micronesia Status Table, Micronesian War Claims and current Staffing Reports. It is anticipated that this Division will implement portions of the Financial Management System during FY 1974 and continue during FY 1975.

One new position, Micronesian Programmer Trainee, is required in FY 1975 to support this program.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 3 U.S. Civil Service | 3 U.S. Civil Service |
| | 4 U.S. Contract | 4 U.S. Contract |
| | 7 U.S. Total | 7 U.S. Total |
| | 19 Micronesians | 20 Micronesians |

The increase of $24,200 consists of $9,400 for normal salary increments, $9,600 for full year funding of new salary schedules and transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49, and $3,100 for one additional Micronesian position. Slight increases in supplies, $2,600, and equipment, $500, are partially offset by a $1,000 decrease in travel.

g. Procurement and Supply:

FY 1974 $917,100, FY 1975 $947,400: Increase $30,300

A total of $947,400 is required for Procurement and Supply in FY 1975, an increase of $30,300 over FY 1974.

Under the general supervision of the Director of Finance, the Procurement and Supply Division includes the office of the Division Chief at headquarters and offices of the District Supply Officers in each of the districts. Although the District Supply Officers are under the direct supervision of the District Administrators, they receive technical guidance and assistance from the Chief of Procurement and Supply Division.

This Division has responsibility for planning, developing and directing the procurement and supply program of the Trust Territory Government, plus the promulgation of policies and procedures as established by the High Commissioner's Office; development and analysis of supply systems, procedures, methods, performance, production standards and reports; management of the Trust Territory Supply Stock Fund; the procurement, requisitioning, receiving, issuing, warehousing, inventory control, supply management, packing and crating, stock surveillance, and management control of government quarters furniture; accurate accountability controls and records for all consumable supplies and minor and major capital equipment; administration of the property disposal and sale program; and administering the USDA donated food program. This Division is also responsible for the maintenance and operation of the Central Office Machine Repair Shop and for the coordination of office machine repairs outside the Territory as required.

At headquarters the Division is organized into four operational branches: Procurement, Stock Control, Depot Operations, and Repair Parts. The Procurement Branch is responsible for the procurement of supplies, materials, and equipment. The Stock Control Branch is responsible for the establishment and maintenance of the property accountability, stock control, inventory control and supply management programs. The Depot Operations Branch is responsible for warehousing and storage activities within the Saipan depot. The Repair Parts Branch is responsible for the daily operations involved with the acquisition, receipt, issue, identification and storage of all repair parts, including components and assemblies required in support of all vehicular, automotive, marine, and other types of heavy construction, power plants, road building, materials handling, and all equipment requiring repair part support.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 15 U.S. Civil Service | 15 U.S. Civil Service |
| | 3 U.S. Contract | 2 U.S. Contract |
| | 18 U.S. Total | 17 U.S. Total |
| | 197 Micronesians | 197 Micronesians |

The increase of $30,300 provides for normal salary increments, $27,900; full year funding of new salary schedules plus transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49, $49,000. The elimination of one U.S. position, $12,900, and reductions of $13,700 in equipment, $7,600 in supplies, $2,600 in travel, and $9,800 in other budgeted cost categories partially offset the increases.

h. Personnel Department:

FY 1974 $544,700, FY 1975 $600,800: Increase $56,100

A total of $600,800 is required for the Personnel Department in FY 1975, an increase of $56,100 over FY 1974.

The Personnel Department under the general supervision of the Director of Personnel includes the Director's Office, the Division of Personnel Training, and the Leased Housing Fund located in headquarters in Saipan and the offices of the District Personnel Administrators in each of the districts. The District Personnel Administrators are under the direct supervision of the District Administrators but they receive technical guidance and assistance from the Director of Personnel. This Department is responsible for the administration of a complete personnel program for all Trust Territory Government employees; it administers the Trust Territory Public Service Act for Micronesians and non-Micronesian contract employees; and develops and administers a system of employees' benefits, including leave, group life insurance, and a retirement plan. It administers the recruitment program for contract and other expatriate employees to provide specialized skills not locally available; administers all applicable provisions of the Civil Service and contract employment system.

In FY 1975, each District Personnel Office will have on its staff a District Personnel Officer, a District Classification Specialist, one or two Personnel Assistants, one or two each of clerks and typists. The Management Intern selected for Palau will begin a one-year training program at headquarters in FY 1975. During FY 1975, the district personnel training functions will be coordinated by two Training Specialists detailed to the districts to give leadership and assistance to the District Personnel staff.

Under the supervision of the Director of Personnel, the Chief of the Training Division is responsible for planning, administering, developing, coordinating and implementing continuous training programs geared toward the development and advancement of our public service work force. More emphasis, therefore, will be in expanding areas of clerical skills, first-line supervisory skills and trade skills. The expansion of trades skills through training of Micronesians is necessary to reduce the skyrocketing of outside labor in this area.

Training will be provided in beginning reading and oral English developed particularly for the trades areas. Communication skills will be increased by instruction in higher level reading comprehension and written English in courses tailored to meet the need of specific areas, individuals, job requirements and employee advancement. Implementation of training programs in this area will be closely coordinated with the trades skills specialists in the district level.

Management training will continue along the prevailing pattern under the Nebraska-Trust Territory Extension Program, the Oklahoma Mastērs Degree Program and special outside seminars such as the Dale Carnegie and Associates Management Seminar and other courses developed by the Division.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 5 U.S. Civil Service | 5 U.S..Civil Service |
| | 5 U.S. Contract | 5 U.S. Contract |
| | 10 U.S. Total | 10 U.S. Total |
| | 58 Micronesians | 57 Micronesians |

The increase of $56,100 is due almost entirely to funding normal salary increments, $19,700, and new salary schedules and transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49, $38.700. Increases of $900 due to adding one new Micronesian position and dropping two others, of $3,000 in travel, $300 in printing, and $1,100 in supplies are offset by a $1,100 decrease in other services, and $6,500 reduction for equipment purchases.

i. Leased Housing Fund:

FY 1974 $330,000, FY 1975 $310,000: Decrease $20,000

A total of $310,000 is required for the Leased Housing Fund in FY 1975, a decrease of $20,000 from FY 1974.

The Leased Housing Fund provides funds for leasing privately owned houses, and for purchase of furniture and appliances for leased as well as Government owned houses.

At the request of the Congress of Micronesia, the Trust Territory has discontinued construction of staff housing except in conjunction with major new facilities. As a result, the Government has a policy of leasing private houses whenever they can be found. Private companies have indicated an interest in constructing houses for lease if the Government will guarantee to lease them for an extended period. The mechanism is that the Government will enter into long term commitments to lease privately owned houses, existing or to be built, with the proviso that annual payment will be subject to the availability of appropriations in future years.

The Trust Territory Government currently owns 587 units of staff housing and leases an additional 75 units. Housing is furnished to expatriate employees and to Micronesians who are reassigned outside their home districts. Normal growth of Trust Territory programs together with sharply increased inter-district transfer of Micronesians who are assuming increased responsibilities are generating a heavy demand for additional houses.

The decrease is due to reduced purchases of replacement furniture and fixtures for both leased and Government owned houses.

j. Internal Audit:

FY 1974 $119,800, FY 1975 $121,000: Increase $1,200

A total of $121,000 is required for Internal Audit in FY 1975, an increase of $1,200 over FY 1974.

The Internal Auditor reports directly to the Office of the High Commissioner. While coordinating its programs with the Comptroller for Guam, the Internal Audit staff will concentrate its efforts on audits at the district and municipal level. It will conduct audits of District Legislatures, municipalities, Credit Unions, and trouble spots as determined by the High Commissioner. It will also perform audits of government contracts and commercial firms as provided for in agreements or by-laws.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 2 U.S. Civil Service | 2 U.S. Civil Service |
| | 6 Micronesians | 6 Micronesians |

The increase of $1,200 is required for normal salary increments, $1,900; full year funding of new salary schedules authorized by Congress of Micronesia Public Law 5-51, $4,100; and for upgrading three ongoing positions, $2,800. Reduced requirements for travel, $4,300; supplies, $1,800; and other costs, $1,500; partially offset the increases.

k. Program and Budget Office:

FY 1974 $260,000, FY 1975 $268,300: Increase $8,300

A total of $268,300 is required for the Program and Budget Office in FY 1975, an increase of $8,300 over FY 1974.

Under the general supervision of the High Commissioner, the Program and Budget Office is responsible for long-range program planning, programming resources required in meeting goals established in the planning process, and formulating and executing the annual budget request for funds to implement approved programs. These activities form an integral part of the Planning-Programming-Budgeting System. The Office prepares annually and updates as required the Trust Territory multi-year Program and Financial Plan including all necessary supporting analyses and documentation. Also prepared are budget submissions at various review levels including the Congress of Micronesia, Department of Interior, Office of Management and Budget, and the U.S. Congress. Responsibility for proper and effective execution of the budget involves the apportionment and allotment of funds systems together with financial analysis and reporting.

The Program and Budget activity as herein budgeted is for Headquarters only. The funds and staff for the Program and Budget activity in the six districts are budgeted under the activity, Office of the District Administrator. The District offices are under the direct supervision of the District Administrators with technical guidance and assistance from Headquarters.

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| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 4 U.S. Civil Service | 4 U.S. Civil Service |
| | 2 U.S. Contract | 3 U.S. Contract |
| | 6 U.S. Total | 7 U.S. Total |
| | 7 Micronesians | 7 Micronesians |

The increase of $8,300 includes $4,400 for normal salary increments and $8,300 for full year funding of new salary schedules and transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49. An additional increase of $13,300 is required for one new U.S. position. These increases are partially offset by the discontinuation of a reimbursable support agreement, $15,600, and reductions in travel, $1,400, and equipment, $700.

l. Personnel Benefits:

FY 1974 $280,000, FY 1975 $263,000: Decrease $17,000

A total of $263,000 is required for Personnel Benefits in FY 1975, a decrease of $17,000 from FY 1974.

Personnel Benefits include funds for retirement and payments to Micronesians who retired under Social Security with more than five years service (the Trust Territory Government is committed to pay retirement costs for service prior to the establishment of the Trust Territory Social Security program), death benefits for Micronesian employees, workmen's compensation insurance, and education allowances for eligible dependents of U.S. employees.

m. Disaster Control Office:

FY 1974 $43,700, FY 1975 $41,900: Decrease $1,800

A total of $41,900 is required for the Disaster Control Office in FY 1975, a decrease of $1,800 from FY 1974.

Under the general supervision of the Special Consultant to the High Commissioner, the Disaster Control Office administers a program having two specified responsibilities and functions. First, that of carrying out a program of maintenance, improving, and updating the Disaster and Recovery Plan of the Trust Territory Government; and working with the districts and local organizations in the training and education of their staffs and the general public. Second, coordination of the entire plan of operations to meet disasters or potential disasters during the phases of Emergency Preparedness, Disaster Control and Recovery.

Included in the budget for the Office is provision for a grant of up to $25,000 in matching funds from the Federal Disaster Assistance Agency.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 3 U.S. Contract | 3 U.S. Contract |
| | 1 Micronesian | 1 Micronesian |

The decrease of $1,800 includes $1,900 reduced travel, $1,600 reduced requirement for equipment, reductions of $1,200 for supplies and materials, and $2,000 for other services. The decreases are partially offset by normal salary increases of $1,600, transfer allowances authorized by Congress of Micronesia Public Law 4C-49, $800, and for full year funding of a position partially lapsed in FY 1974, $2,500.

7. Transportation and Communications: FY 1974 $3,222,500, FY 1975 $3,324,900: Increase $102,400. The increase consists of:

| | Increase (+) or Decrease (-) | | Total | Total | |
|---|---|---|---|---|---|
| | Amount | Positions | Program | Positions | Explanation |
| (1) | $ +41,700 | ... | ... | ... | Normal salary increments for 31 U.S. and 168 Micronesian ongoing positions. |
| (2) | +92,000 | ... | ... | ... | Full year funding of new U.S. Contract and Micronesian schedules authorized by Congress of Micronesia P.L. 5-51, costs of transfer allowances authorized by Congress of Micronesia P.L. 4C-49, and of positions partially lapsed in FY 1974. |
| (3) | +37,200 | ... | .. | ... | Minor increase in Operations and Maintenance of ships. |
| (4) | -68,500 | -2 U.S.<br>-1 Micro | ... | ... | Slight reductions of staff in Communications Division more than offsetting a slight increase in support costs of all activities. |
| | $+102,400 | -2 U.S.<br>-1 Micro | $3,324,900 | 31 U.S.<br>168 Micro | |

Cost Factors Involved in Increases

(1) Normal salary increments for ongoing positions, 31 U.S. at $9,900 and 168 Micronesians at $31,800.

(2) Full year funding of new U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51: U.S. $7,900 and Micronesians, $54,800. Cost of transfer allowances authorized by Congress of Micronesia P.L. 4C-49, $11,200. Full year funding of positions partially lapsed in FY 1974, $18,100.

(3) Increase of $37,200 for the Sea Transportation program to allow for operations and maintenance related cost increases.

(4) Elimination of two U.S. and one Micronesian positions resulting in a savings of $75,700. Increases for equipment purchases, $20,000, and contractual services, $10,400, mostly offset by decreases in rents, $19,500, and all other supporting costs, $3,700.

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Need for Increase:

(1) Normal salary increments for 31 U.S. and 168 Micronesian ongoing positions, $41,700: Normal within grade increases must be awarded except in the case of unsatisfactory performance. The Micronesian staff is a young staff and the pattern of an older staff higher in grade and increments being replaced by youth in lower grade and beginning increments will not be evident for some years to come. An increase of $41,700 is requested to meet these increased pay costs.

(2) Full year funding of new U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51, costs of transfer allowances authorized by Congress of Micronesia P.L. 4C-49, and of positions partially lapsed in FY 1974, $92,000: New U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51 became effective September 30, 1973. In FY 1975 the new salary schedules will be in effect the full year. The amount of $62,700 is requested to fully fund the new salary schedules. Congress of Micronesia P.L. 4C-49 authorized transfer allowances for U.S. and certain Micronesian employees upon initial recruitment and upon transfers. These costs are additional to those previously involved in Recruitment. An increase of $11,200 is requested to fund these transfer allowances. Those positions for which recruitment was delayed in FY 1974 will require full funding in FY 1975. The amount of $18,100 is requested to fully fund these positions.

(3) Minor increase in Operation and Maintenance of ships, $37,200: To insure the continued and successful operation of the Sea Transportation program in the face of rising costs of pay for crews, of drydocking, replacement and parts and ships' supplies, an increase of $37,200 is requested in FY 1975.

(4) Slight reduction of staff in Communications more than offsetting a slight increase in support costs of all activities, $-68,500: Three high level U.S. civil service positions and one Micronesian position will be dropped in FY 1975 and only one U.S. middle range contract position added with net savings of $75,700. This decrease more than offsets a small increase in other support costs for the Office of the Director, the Transportation Office, as well as the Communications Division of $7,200.

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| | Activity | FY 1974 Estimate | FY 1975 Estimate | Increase + Decrease - |
|---|---|---|---|---|
| 7. | Transportation and Communications: | | | |
| a. | Office of the Director | $ 63,200 | $ 68,800 | $ +5,600 |
| b. | Transportation Office | 410,100 | 449,400 | +39,300 |
| c. | Sea Transportation | 1,498,000 | 1,535,200 | +37,200 |
| d. | Communications | 1,251,200 | 1,271,500 | +20,300 |
| | Total | $3,222,500 | $3,324,900 | $+102,400 |

The geographical distribution and the isolation of the islands of Micronesia make transportation and communications a vital support service to accomplishing any of the political, social, educational and economic objectives of the Trust Territory.

a. Office of the Director:

FY 1974 $63,200, FY 1975 $68,800: Increase $5,600

A total of $68,800 is required for the Office of the Director in FY 1975, an increase of $5,600 over FY 1974.

The Office of the Director of Transportation and Communications is responsible for the overall administration and coordination of the total transportation and communications system in the Trust Territory.

The Director of Transportation and Communications is directly responsible to the High Commissioner for the planning, development, administration of the systems, and for furnishing expert advice concerning transportation and communications activities Trust Territory-wide.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 2 U.S. Contract | 2 U.S. Contract |
| | 1 Micronesian | 1 Micronesian |

The increase of $5,600 provides for normal salary increments of $2,500; for full funding of new salary schedules and transfer allowances authorized by Congress of Micronesia P.L. 5-51 and 4C-49, $1,600; and $3,000 for increased equipment requirements. A small offset results from the $1,500 reduction in other services.

b. Transportation Office:

FY 1974 $410,100, FY 1975 $449,400: Increase $39,300

A total of $449,400 is required for the Transportation Office in FY 1975, an increase of $39,300 over FY 1974.

Under the general supervision of the Director of Transportation and Communications, the Chief of the Transportation Division is responsible for: the formulation of programs relating to air, land and sea transportation activities; the planning, programming and budgeting of all road systems, warehouses, harbors, airports and ship capital improvements; the inspection and provision of navigational aids and markers; the provision of marine inspection and licensing procedures; and the development of tariff schedules, routes and rates.

The Transportation Division compiles and maintains statistical data on transportation activities. In addition, this office is administratively responsible for the operation of the interisland ships as well as for providing general supervision of the operations of other Government-owned interisland ships that are currently operated by private shipping firms.

The published Transportation Division objectives include: lowest cost transport service, regular and reliable transport-mode schedules, maximum Micronesian employment and maximum contribution to Trust Territory economic development. These objectives will be most effectively attained through a program which analyzes all transport alternatives, selects equipment and facilities to operate the most cost effective service, negotiates appropriate contracts with suppliers, common carriers and construction contractors, supervises the performance of contracts, trains Micronesians for shore-side, sea-going and aviation-related positions, documents the periodic progress toward specific goals and utilizes the advice and consulting expertise that are available through United States Government agencies such as the Federal Maritime Commission, the U.S. Maritime Administration, the Bureau of Public Roads, the Army Corps of Engineers, Naval Facilities Engineering Command and the Federal Aviation Administration.

The educational and training programs (planned to supply skilled officers and men for the ships and to provide and train capable management personnel for related ship activities) will be continued in FY 1975 in close cooperation with the Education Department, several U.S. Government agencies and numerous maritime training agencies. It is anticipated that 20 employees within the transportation system will participate in training programs in FY 1975. The completion of training of some Micronesians will result in their gradual assumption of administrative duties.

The program to acquire and stockpile interchangeable repair parts at a selected in-territory ship repair center for use in the quick repair of disabled machinery on the present and new vessels will be continued during FY 1975. This program is expected to decrease the down-time of our aged vessels and provide for maximum utilization, resulting in more regular and efficient service to the outer islands.

The program to develop effective rules, regulations and policies for all Trust Territory seaports and airports, implemented in FY 1974, will be carried forward in FY 1975, with emphasis on standardization wherever practical. In addition, the program to establish procedures for the collection of all harbor charges and airport landing fees is expected to be refined into an efficient and workable system. It is planned that a significant portion of the revenues derived from these activities will be used to maintain and improve the ports and airfields of the Trust Territory. Careful coordination with appropriate federal agencies is expected to ensure that the airport improvement program is moving well into the construction phase at Saipan, Yap and Palau.

Certification and licensing procedures for Trust Territory maritime personnel, to be developed and introduced in FY 1974, will be continued in FY 1975. Emphasis will be given in FY 1975 to refinement of licensing examinations in accordance with established international qualifications.

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| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 5 U.S. Civil Service | 5 U.S. Civil Service |
| | 5 U.S. Contract | 5 U.S. Contract |
| | 10 U.S. Total | 10 U.S. Total |
| | 28 Micronesians | 28 Micronesians |

The increase of $39,300 consists of $11,700 for normal salary increments; $20,400 for full year funding of new salary schedules and transfer allowances authorized by Congress of Micronesia P.L. 5-51 and 4C-49; $3,800 for full year funding of one position partially lapsed in FY 1974; and $3,400 for minor increases in other cost categories.

c. Sea Transportation:

FY 1974 $1,498,000, FY 1975 $1,535,200: Increase $37,200

The amount of $1,535,200 is requested for Sea Transportation in FY 1975, an increase of $37,200 over FY 1974.

Sea Transportation provides an extremely vital component for the development of an evenly balanced economy in the Trust Territory. Only by the use of regularly scheduled ships can each district grow, prosper and maintain properly balanced population centers. The development of a viable economy in the outer islands is necessary to prevent an increase in the present trend of migration to the district centers. The Trust Territory interisland fleet delivers needed supplies, medical and educational personnel and government equipment, and picks up exports (fish, agricultural products, copra, etc.) when the outer islands are able to develop these products as a result of the certainty of a regular ship's service. It is expected that forty-five to sixty day service will be maintained to most inhabited islands in the Trust Territory at this particular funding level.

Sea Transportation service within the Trust Territory is complemented by transpacific shipping which is operated by a contractor, Transpacific Lines, Inc., (ex-MILI) that is working under a 10-year contract initiated on September 1, 1968. The contract calls for scheduled direct linkage with the United States West Coast ports as well as direct calls at Japanese and other Far Eastern ports. The contract also requires the progressive development of a Micronesian-owned, operated and staffed company by the end of the 10-year period.

Interisland shipping is planned to be accomplished in FY 1975 through a government-owned fleet of eight (8) ships. One of the ships will be the M/S Micronesia Princess, expected to be delivered to the Trust Territory by June 30, 1974. Two (2) of these ships will be operated regularly within specific districts through charter agents who receive subsidies to compensate for differences in operating cost and commercial revenue. Five (5) and possibly six (6) ships will be operated at various locations throughout the Territory for purposes of providing minimum logistic support service in each district. These ships will be operated by the Transportation Division through agents or District Transportation Offices.

The increase of $37,200 will provide for normal wage increments for the ships' crews and cover increased costs of operation and maintenance of our twenty to thirty-year old ships.

d. Communications:

FY 1974 $1,251,200, FY 1975 $1,271,500: Increase $20,300

A total of $1,271,500 is required for Communications in FY 1975, an increase of $20,300 over FY 1974.

The lifeline of administration is communications. The geographical isolation of the Trust Territory and its widely scattered islands requires a communications system that serves the needs of all: private, commercial and government.

Under the general supervision of the Director of Transportation and Communications, the Chief of the Communications Division is responsible for the planning, engineering, operations and maintenance of the complete communications service in the Trust Territory. In order to adequately meet these needs, major communications facilities are located in each of the District Centers: Majuro, Marshall Islands; Ponape, Eastern Caroline Islands; Truk, Eastern Caroline Islands; Yap, Western Caroline Islands; Koror, Palau, Western Caroline Islands; and a major international communications complex on Saipan which links the Trust Territory to all parts of the world.

These facilities form a closely integrated network that provides quality voice and data service into and through the Major Relay Control Center on Saipan that interfaces with commercial and other governmental systems worldwide. In addition, each facility is capable of communicating with aircraft, shipping and outer islands of the Trust Territory. All maintain a continuous radio guard on a number of frequencies, including international distress. Non-Directional Radio Beacons are provided for navigational guidance to all ships and aircraft transiting the area. The Trust Territory is a part of the National Communications System (NCS).

By 1975, all facilities will be fully operational with a reliable system that interfaces with commercial and other governmental systems. Telephone and telegraphic services will assure all users instant communications within the Trust Territory and to points beyond.

An important responsibility of the Communications Division is the secondary system for providing communications between outer islands and District Centers. Complete radio stations with full backup systems are installed on all major islands and remote municipalities. These small radio stations (SSB and VHF) serve as the only immediate link to the outside world for the remote areas where lengthy communication outages can endanger the lives of the people as medical emergencies, epidemics, natural disasters, food and water shortages can and do occur. The outer islands communications network involves over 250 stations serving approximately forty thousand people.

The primary goal of the Communications Division is to provide a quality, dependable, modern communications service that is readily available to all people in Micronesia and to provide radio navigational aids that meet all FAA standards. Increased aviation requirements will see introduction of more sophisticated electronic, navigational and landing aids for airports. Increasing demands for additional services by both governmental and commercial interests will result in a continuing expansion and upgrading of present systems.

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| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 14 U.S. Civil Service | 11 U.S. Civil Service |
| | 7 U.S. Contract | 8 U.S. Contract |
| | 21 U.S. Total | 19 U.S. Total |
| | 140 Micronesians | 139 Micronesians |

The increase of $20,300 includes $27,500 for normal salary increments; $51,900 for full year funding of new salary schedules and transfer allowances authorized by Congress of Micronesia P.L. 5-51 and 4C-49; $14,300 for full funding of positions partially lapsed in FY 1974; and for increased needs for equipment, $16,600; travel, $1,800; other services, $8,000; and freight, $1,000. Much of the total increase is offset by savings from elimination of two U.S. and one Micronesian position, $75,700, and by cuts of $20,000 in rents and communications and $5,100 in other costs.

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8. Public Works: FY 1974 $7,913,400, FY 1975 $8,089,300: Increase $175,900. The increase consists of:

| | Increase (+) or Decrease (-) Amount | Positions | Total Program | Total Positions | Explanation |
|---|---|---|---|---|---|
| (1) | $+220,900 | ... | ... | ... | Normal salary increments for 71 U.S. and 1,359 Micronesian ongoing positions |
| (2) | +431,400 | ... | ... | ... | Full year funding of new U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51, costs of transfer allowances authorized by Congress of Micronesia P.L. 4C-49, and of positions partially lapsed in FY 1974. |
| (3) | -476,400 | -6 U.S.<br>-22 Micro | ... | ... | The high priority of Capital Improvement projects makes it necessary to operate and maintain existing and new facilities with less staff and tighter allowances for supplies, equipment, and other support costs. |
| | $+175,900 | -6 U.S.<br>-22 Micro | $8,089,300 | 71 U.S.<br>1,359 Micro | |

### Cost Factors Involved in Increases

(1) Normal salary increments for ongoing positions, 71 U.S. at $33,100 and 1,359 Micronesians at $187,800.

(2) Full year funding of new U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51: U.S., $39,500 and Micronesians, $350,400. Cost of transfer allowances authorized by Congress of Micronesia P.L. 4C-49, $24,000. Full year funding of positions partially lapsed in FY 1974, $17,500.

(3) Savings resulting from elimination of positions: 6 U.S., $85,800, 22 Micronesians, $44,800. Utility and other collections increases producing a savings of $139,000. Further decreases for travel ($18,200), supplies ($113,400), equipment purchases ($89,700), and other supporting costs ($22,800), are slightly offset by an increase of $37,300 for contractual services.

Need for Increase:

(1) Normal salary increments for 71 U.S. and 1,359 Micronesian ongoing positions, $220,900: Normal within grade increases must be awarded except in the case of unsatisfactory performance. The Micronesian staff is a young staff and the pattern of an older staff higher in grade and in increments retiring and being replaced by youth lower in grade and beginning increments will not be evident for some years to come. An increase of $220,900 is requested to meet these increased pay costs.

(2) Full year funding of new U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51, costs of transfer allowances authorized by Congress of Micronesia P.L. 4C-49, and of positions partially lapsed in FY 1974, $431,400: New U.S. Contract and Micronesian salary schedules authorized by Congress of Micronesia P.L. 5-51 became effective September 30, 1973. In FY 1975 the new salary schedules will be in effect the full year. The amount of $389,900 is requested to fully fund the new salary schedules. Congress of Micronesia P.L. 4C-49 authorized transfer allowances for U.S. and certain Micronesian employees upon initial recruitment. Those Micronesians recruited to work in other districts than their home district or recruited from other islands in their home district are eligible. Additionally, these same employees are eligible for transfer allowances if later transferred to new duty stations for the convenience of the Government. These costs are additional to those previously involved in Recruitment. An increase of $24,000 is requested to fund these transfer allowances. Those few positions for which recruitment was delayed in FY 1974, will require full funding in FY 1975. The amount of $17,500 is requested to fully fund these positions.

(3) The high priority of Capital Improvement projects makes it necessary to operate and maintain existing and new facilities with less staff and tighter allowances for supplies, equipment, and other support costs, $-476,400: The high priority of needed Capital Improvement projects as expressed repeatedly by the Congress of Micronesia and supported by the Administration makes it necessary to do all possible to hold down rising costs in Operations. A total of 28 positions will be dropped in FY 1975: 6 U.S. and 22 Micronesians at savings of $130,600. Utility and other collections are anticipated to increase in FY 1975, producing a savings of $139,000. Tighter allowances for supplies, equipment, and other support costs permit a decrease in the budget request of $206,800.

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| | Activity | FY 1974 Estimate | FY 1975 Estimate | Increase + Decrease - |
|---|---|---|---|---|
| 8. | Public Works: | | | |
| a. | Engineering and Administration | $ 611,100 | $ 633,100 | $ +22,000 |
| b. | Operations and Maintenance | 4,486,200 | 4,378,200 | -108,000 |
| c. | Utilities | 2,816,100 | 3,078,000 | +261,900 |
| | Total | $7,913,400 | $8,089,300 | $+175,900 |

The Department of Public Works is responsible for the planning, implementation and administration of the Capital Improvement Program of the Trust Territory Government and the operation and maintenance of all government-owned facilities in the six districts.

The administration of the above programs is carried out by personnel specialized in all engineering disciplines, i.e., architectural, structural, mechanical, civil, electrical and sanitary, with required draftsmen, surveyors, technicians, estimators and specification writers, etc.

### a. Engineering and Administration:

FY 1974 $611,100, FY 1975 $633,100: Increase $22,000

A total of $633,100 is required to support the Public Works Engineering and Administration in FY 1975, an increase of $22,000 over FY 1974.

Headquarters Public Works Engineering and Administration is made up of two sections which are under the general supervision of the Director of Public Works: the Office of the Director of Public Works (Administration) and the Office of the Chief of Operations and Maintenance.

The Director's Office is responsible for the general overall administration of the Department of Public Works, Trust Territory-wide, including direct administration of the Headquarters Department, budget and fiscal management, planning, programming, and personnel administration. It also assists in the negotiation and awarding of local contracts as well as outside contracts, provides support with respect to general advice, etc.

The Chief of Operations and Maintenance is responsible in each of the areas of operations and maintenance, such as facilities maintenance, utilities, refrigeration and air conditioning, ports, roads, airports, and transportation. His office furnishes technical advice and support to the districts.

There is no change in staff in FY 1975.

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| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 6 U.S. Civil Service | 6 U.S. Civil Service |
| | 16 U.S. Contract | 16 U.S. Contract |
| | 22 U.S. Total | 22 U.S. Total |
| | 18 Micronesians | 18 Micronesians |

The increase of $22,000 will provide for normal salary increments of $15,100; full year funding of new salary schedules and costs of transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49, $34,300; and for full year funding of positions partially lapsed in FY 1974, $11,500. These increases are partially offset by reduced requirements of $1,400 for travel, $13,500 for supplies, $9,000 for equipment, $10,000 for contractual services, and $5,000 in other support costs.

b. Operations and Maintenance:

FY 1974 $4,486,200, FY 1975 $4,378,200: Decrease $108,000

A total of $4,378,200 is required for Public Works Operations and Maintenance in FY 1975, a decrease of $108,000 from FY 1974.

This activity is responsible for the maintenance of government-owned buildings and facilities within the six districts of the Trust Territory. These facilities include schools, quarters, hospitals, office buildings, warehouses and garages, roads, streets, airfields, docks and ports, refrigeration plants and air conditioning systems, automotive and heavy equipment, small boats and landing crafts. Services to the general public and private contractors are provided on a reimbursable basis when such services are not available through private sources.

The Trust Territory will acquire new additions to its physical plant in FY 1974 and FY 1975, as completed Capital Improvement projects come on the line. These new facilities would normally require additional personnel, supplies, materials and equipment to insure proper care and continuing uninterrupted service. We are hopeful that previous upgrading of local skills and crafts will now allow the Micronesians to assume more responsibility in operating and maintaining the facilities and equipment, thereby reflecting a savings of manpower and funds in FY 1975.

The upgrading of the skills and crafts of the Micronesians will continue in FY 1975. Emphasis will be placed on "in-house" training. However, a limited number of Micronesians will go to various schools in the United States for advanced training. The "in-house" training is being accomplished by the Central Repair Facility, a branch of the Operations and Maintenance Division. Air conditioning, refrigeration and appliance service and repair are being offered at the present and it is hopeful that courses in telephone and power distribution and generation will be available in FY 1975.

In FY 1975, 4 U.S. and 23 Micronesians will be dropped.

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| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 11 U.S. Civil Service | 10 U.S. Civil Service |
| | 27 U.S. Contract | 24 U.S. Contract |
| | 38 U.S. Total | 34 U.S. Total |
| | 937 Micronesians | 914 Micronesians |

The decrease of $108,000 is the net result of increased costs of $143,800 for normal salary increments, $256,400 for full funding of new salary schedules and transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49, $4,100 for full year funding of one position partially lapsed in FY 1974, and the elimination of four U.S. and twenty-three Micronesian positions, $110,600, and reduced requirements of $258,400 for supplies, 14,300 for travel, $87,400 for equipment, and $41,600 for other support costs.

c. Utilities:

FY 1974 $2,816,100, FY 1975 $3,078,000: Increase $261,900

A total of $3,078,000 is required for Public Works Utilities in FY 1975, an increase of $261,900 over FY 1974.

Under this activity, the Trust Territory Government provides utility services not only for government buildings and facilities but also for commercial establishments, churches, parochial schools and private residences within the reach of the utility installation. The extent of these services varies in the different districts and, with the exception of Saipan, is limited to an area of two or three miles of the district or sub-district center. Current CIP funding provides for extended service from the district center and the development of water and power utilities in some of the outer islands. Telephone and sewerage facilities, however, are provided only in the district centers.

The following table lists the utility systems that will be in operation in the six districts during FY 1975:

| System Description | Size or No. |
|---|---|
| Power Generation - Capacity | 32,500 KW |
| - Produced | 97,000,000 KWH |
| Power Distribution | 220 Miles |
| Wells | 30 Each |
| Pumping Stations | 30 Each |
| Storm Sewers | 35 Miles |
| Water Lines | 350 Miles |
| Sanitary Sewers | 45 Miles |
| Water Treatment Plants | 6 Locations |
| Sewage Treatment Plants | 5 Locations |
| Telephone Systems | 6 Locations |
| Telephone Lines | 70 Miles |

In FY 1975, one Micronesian position will be added and 2 U.S. positions abolished.

| Staffing: | FY 1974 | FY 1975 |
|---|---|---|
| | 3 U.S. Civil Service | 3 U.S. Civil Service |
| | 14 U.S. Contract | 12 U.S. Contract |
| | 17 U.S. Total | 15 U.S. Total |
| | 426 Micronesians | 427 Micronesians |

The increase of $261,900 covers increases of $63,900 for normal salary increments, $123,200 for full year funding of new salary schedules and costs of transfer allowances authorized by Congress of Micronesia Public Laws 5-51 and 4C-49, and $2,100 for one new Micronesian position. Increased costs of $158,500 for supplies and materials, $51,200 for other services and $2,100 for other costs categories are offset by the elimination of two U.S. positions, $22,100, and by an anticipated increase of $117,000 in utility collections. The increased revenues are applied against costs and permit a corresponding decrease in the appropriation requirement.

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## B. CAPITAL IMPROVEMENT PROGRAM

| | Type of Improvement | FY 1974 Current Program | FY 1975 Estimate | Increase + Decrease - |
|---|---|---|---|---|
| 1. | Public Affairs Facilities | $ 73,203 | $ - 0 - | $ -73,203 |
| 2. | Legal Affairs Facilities | 27,837 | - 0 - | -27,837 |
| 3. | Judiciary Facilities | 1,012 | - 0 - | -1,012 |
| 4. | Education Facilities | 4,810,981 | 1,467,000 | -3,343,981 |
| 5. | Public Health Facilities | 5,033,561 | 2,895,000 | -2,138,561 |
| 6. | Transportation and Communications Facilities | 8,446,051 | 1,139,000 | -7,307,051 |
| 7. | Resources and Development Facilities | 390,865 | 80,000 | -310,865 |
| 8. | Community Development Facilities | 691,966 | 1,392,000 | +700,034 |
| 9. | Water, Sewerage and Power Facilities | 1,778,133 | 1,794,000 | +15,867 |
| 10. | Maintenance and Rehabilitation Facilities | 151,747 | 350,000 | +198,253 |
| 11. | General Support Facilities | 336,554 | 40,000 | -296,554 |
| | TOTAL | $21,741,910 | $9,157,000 | $-12,584,910 |

| | Type of Improvement | Unobligated FY 1973 Carryover | FY 1974 First Supplemental Appropriation | FY 1974 Current Program |
|---|---|---|---|---|
| 1. | Public Affairs Facilities | $ 73,203 | $ - 0 - | $ 73,203 |
| 2. | Legal Affairs Facilities | 27,837 | - 0 - | 27,837 |
| 3. | Judiciary Facilities | 1,012 | - 0 - | 1,012 |
| 4. | Education Facilities | 3,530,981 | 1,280,000 | 4,810,981 |
| 5. | Public Health Facilities | 383,561 | 4,650,000 | 5,033,561 |
| 6. | Transportation and Communications Facilities | 6,246,051 | 2,200,000 | 8,446,051 |
| 7. | Resources and Development Facilities | 390,865 | - 0 - | 390,865 |
| 8. | Community Development Facilities | 361,966 | 330,000 | 691,966 |
| 9. | Water, Sewerage and Power Facilities | 1,478,133 | 300,000 | 1,778,133 |
| 10. | Maintenance and Rehabilitation Facilities | 151,747 | - 0 - | 151,747 |
| 11. | General Support Facilities | 336,554 | - 0 - | 336,554 |
| | TOTAL | $12,981,910 | $8,760,000 | $21,741,910 |

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1. Public Affairs Facilities - $ - 0 -

No funds are requested in FY 1975 for Public Affairs Facilities.

2. Legal Affairs Facilities - $ - 0 -

No funds are requested in FY 1975 for Legal Affairs Facilities.

3. Judiciary Facilities - $ - 0 -

No funds are requested in FY 1975 for Judiciary Facilities.

4. Education Facilities - $1,467,000

Funds requested in FY 1975 will be used for:

| | |
|---|---|
| a. Elementary - Marianas | $ 130,000 |
| b. Elementary - Ponape | 156,000 |
| c. Elementary - Truk | 80,000 |
| d. Secondary - Marshalls | 749,000 |
| e. Secondary - Ponape | 164,000 |
| f. Secondary - Truk | 188,000 |
| Total | $1,467,000 |

a. Elementary - Marianas - $130,000

The Marianas District is so critically short of elementary school classroom space that double sessions are required to give all students at least a half-day of elementary education.

The District has elected to use an emergency type classroom design that utilizes wood frame construction and a corrugated tin roof on a concrete floor slab. These can be very quickly erected at a very low unit cost. Their useful life of more than fifteen years allows ample time for the District to replace them with more permanent structures at an orderly pace.

The funds requested in FY 1975 will allow fourteen such classrooms to be built at various sites plus an eight-toilet facility to be added at the Chalan Kanoa school. The construction estimate also includes lighting and collateral equipment for the classrooms. The additional spaces provided should allow for the ending of double sessions in FY 1975.

b. Elementary - Ponape - $156,000

The Ponape District is served by 43 public elementary schools and four private mission schools. A projected increase of 150 pupils entering elementary schools will require that six additional classrooms be built during FY 1975.

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The $156,000 requested in FY 1975 will provide funding for two classrooms to be built at each of three sites - Iohl and Sekere on Ponape Island, and at Lelu on Kusaie. These classrooms will be single story concrete block buildings of a standard design to be added at existing school sites.

c. Elementary - Truk - $80,000

Funds requested in FY 1975 will be used to build three concrete block classrooms to replace one wooden and two thatch roof structures now being used as classrooms for the 72 children of Pulusuk Island.

A 10,000 gallon water tank and latrines are also included in the $71,000 project.

The remaining funds, $9,000, will be used to improve four classrooms on Puluwat. Partitions will be installed between the rooms, and a water tank and latrines will be built. Puluwat has an elementary enrollment of 133 students.

d. Secondary - Marshalls - $749,000

Completion of Phases I and II of the new Jaluit Atoll High School will provide classroom spaces for 570 students and dormitory spaces for 256. About 45% of the students will be accommodated in the dormitories but it is projected that close to 90% of all students will need to be boarded in the dormitories. Jabwor Island, the site of the high school, has very limited private facilities for boarding students so that dormitory capacity will have to grow as total enrollment increases.

The $749,000 will fund the construction of a two-story dormitory building with space for 256 students. This will bring total dormitory capacity to 512 students and meet the anticipated demand.

Additional funding will be sought in future years for a library, an administration building, and additional vocational facilities. The completed 600 student complex will relieve the pressure on the District's other high school on Majuro by allowing students to get a secondary education without crowding into the district center.

e. Secondary - Ponape - $164,000

The Ponape Island Central School (PICS) will have a total capacity of about 750 in FY 1975. While the campus has been growing, its capacity is still not adequate to meet the demand for secondary education of students from Ponape proper and from the southern outer islands.

It is proposed to use the FY 1975 request of $164,000 to build an additional five general purpose classrooms at the PICS campus. Upon completion of these facilities, total enrollment can grow to 875 students, an increase of 125 student spaces.

f. Secondary - Truk - $188,000

The Mortlocks High School is situated on Satawan, about 170 miles from the district center. The existing facilities include six metal classrooms plus classrooms and dormitories with thatch roofs. Most of these facilities will be replaced with Trust Territory and Congress of Micronesia funding through FY 1973. The FY 1975 request for $94,000 will provide four additional classrooms of concrete block design and will allow enrollment to increase from a current 225 to 325 by 1976.

The Weipat High School is another of the satellite junior high schools. It is situated on the island of Ulul about 170 miles northwest of Moen. Funds of $94,000 are being requested in FY 1975 for four additional concrete block classrooms for a total of 10 teaching stations at the site and an enrollment of about 250 students.

5. Public Health Facilities - $2,895,000

Funds requested in FY 1975 will be used for:

| | |
|---|---:|
| a. Yap District Hospital | $2,245,000 |
| b. Saipan Hospital Renovation | 60,000 |
| c. Outpatient Clinic, Palau | 590,000 |
| Total | $2,895,000 |

a. Yap District Hospital - $2,245,000

The dilapidated facility now in use as the Yap District Hospital does not lend itself to renovation or expansion. The people of Yap have indicated that replacement of the hospital is the single most important capital improvement project for their islands. The FY 1975 request for $2,245,000 will be used to construct and equip a new hospital in the municipality of Weloy.

Preliminary design work indicates that a concrete block hospital of 45-50 beds can be constructed within the FY 1975 appropriation. The new facility will be complete with surgical and delivery rooms; outpatient, EENT and emergency rooms; laboratories and X-ray rooms; a dental clinic and a public health clinic; and administrative offices. The hospital is expected to be ready for public use by late FY 1976.

b. Saipan Hospital Renovation - $60,000

A survey done last year on Saipan's Dr. Torres Hospital revealed that the mechanical and electrical systems as well as the structure itself, have deteriorated to the point where rather extensive renovation is needed. The electrical system, for example, was designed to meet the needs of 25 years ago and not for the demands placed on it by sophisticated modern medical equipment. The system has become overloaded and potentially dangerous and will be replaced during FY 1975.

c. Outpatient Clinic, Palau - $590,000

The present layout of the District Center Hospital Complex does not permit efficient handling of the daily caseload which now averages 75-80 inpatient and 160 outpatient visits. Renovation efforts have already begun with a new pediatrics ward almost completed.

The renovation work will continue in FY 1975 with the building of a new outpatient clinic. This will free up space for the expansion and remodelling of the obstetrics ward which will house the mother-child health care services program. An environmental health office will be provided. The X-ray rooms, emergency rooms, surgical operating rooms, the pharmacy, and the laundry will also be relocated and expanded.

The total cost of the outpatient clinic building and the interior remodelling is estimated at $590,000 in FY 1975. The renovated 120-bed hospital will provide the district with ample health care facilities for the foreseeable future.

6. Transportation and Communications Facilities - $1,139,000

Funds requested in FY 1975 will be used for:

| | | |
|---|---|---|
| a. | Roads, Saipan | $ 55,000 |
| b. | Roads, Palau | 97,000 |
| c. | Roads, Ponape | 127,000 |
| d. | Airfield, Rota | 185,000 |
| e. | Airfield, Ponape | 250,000 |
| f. | Communications Facilities | 200,000 |
| g. | Harbor and Dock A&E Design, Yap | 225,000 |
| | Total | $1,139,000 |

a. Roads, Saipan - $55,000

The funds requested will be used to upgrade the paving of approximately three miles of road on Saipan. This particular segment of road will see increasingly heavy use since it connects with the access road to the new International Airport.

b. Roads, Palau - $97,000

A wooden bridge connects the main sections of the District Center with the quarry, the marine resources facilities, and the commercial port on Malakal Island. The bridge carries large numbers of vehicles, some of them heavily loaded trucks which have weakened the structure.

A total of $97,000 will be used to shore up the pilings supporting the bridge. The pilings will be encased in concrete and replaced where needed, to insure that this vital transportation link remains in usable condition.

c. Roads, Ponape - $127,000

A sum of $127,000 is being requested for paving of 3-4 miles of existing roads in the district center. Much of the major excavation for the water and sewer systems will be complete by FY 1975 so that road paving can begin. The type and thickness of the pavement will vary according to traffic flows along road segments. The provision of a sealed road surface will be especially beneficial in Ponape since that District receives the heaviest rainfall in the Trust Territory.

d. Airfield, Rota - $185,000

Air traffic at the Rota Airfield has increased to the point where there are now daily flights. The increase in air cargo capacity has made it much easier for the farmers of Rota to move their produce to markets on Guam and Saipan.

The runway surface is not holding up well under this increased load, especially since the heavier B-727 jet is being used on four of the seven flights per week. Holes develop in the runway causing air service to be suspended until repairs are made.

The $185,000 requested in FY 1975 will be used to stabilize the runway surface. This will ensure continuous service to avoid losses to the farmers from spoilage now incurred when the plane cannot land.

e. Airfield, Ponape - $250,000

The Ponape Airport measures only 6,200' in length and is unpaved. These are unsuitable conditions for a jet aircraft, especially in Ponape where the rains are so heavy.

The funds requested in FY 1975 will be used for advance planning for extending and paving the airstrip. Construction funds will be sought in a later year. The feasibility of FAA participation in the funding of the airfield improvements will also be explored.

f. Communications Facilities - $200,000

Of the funds requested in FY 1975, $175,000 will be used to upgrade the Guam/Saipan Troposcatter System. Demands from government and commercial sources have grown rapidly so that the original six-channel system was recently doubled to twelve channels. The FY 1975 funds will be used to double capacity again to provide government demand and allow channels to be leased to commercial interests, with the resulting revenues being used to offset operation and maintenance costs of the new system.

The balance of the FY 1975 request, $25,000, will be used to procure replacement radios, generators, and other equipment for the outer islands communications system. This equipment is operated under extremely unfavorable conditions due to the corrosive salt spray environment and by the inability to get trained maintenance people to the remote islands on a regular basis. The equipment must be replaced periodically in order that the outer islands people have a link to the district center in times of medical emergencies and natural disasters.

Trust Territory of the Pacific Islands

g. Harbor and Dock A&E Design, Yap - $225,000

The funds requested will be used for the design of a new harbor and dock facility for Yap. The present harbor presents serious navigation problems for even the small interisland ships. Few of the ocean going ships try to tie up at the dock so that cargo must be lightered. The dock face itself is crumbling and there is a serious shortage of warehouse space.

A new facility will be designed for the opposite side of the island. Construction funds will be requested as early as possible in the future.

7. Resources and Development Facilities - $80,000

Funds requested in FY 1975 will be used for:

| | |
|---|---|
| a. Fisheries Facility - Kusaie | $40,000 |
| b. Marine Resources, Truk | 40,000 |
| Total | $80,000 |

a. Fisheries Facility, Kusaie - $40,000

The funds requested in FY 1975 will be used to construct a small blast freezer-reefer plant for the island of Kusaie. The unit's 10-ton capacity will allow the islanders to freeze and store the catch for their own use and to hold any surplus for shipment to the district center market.

b. Marine Resources, Truk - $40,000

These funds will be used to purchase a boat of 36 to 40 feet for fishing operations within the Truk lagoon. The boat will be equipped with modern electronic gear and a variety of nets and gear for inshore and offshore fishing. The boat will have a full-time captain and engine room operator but the fishing will be done by men from the outer islands of the lagoon. Proceeds from the catch will provide the villages with income as well as defray operating expenses.

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8. Community Development Facilities - $1,392,000

Funds requested in FY 1975 will be used for:

| | | |
|---|---|---|
| a. | Bikini Rehabilitation Program | $ 667,000 |
| b. | Civic Action Teams | 650,000 |
| c. | Eniwetok Planning | 75,000 |
| | Total | $1,392,000 |

a. Bikini Rehabilitation Program - $667,000

The reconstruction of a community on Bikini Atoll in the Marshall District will be continued in FY 1975 at a cost of $667,000. It has been estimated that a total of 78 housing units plus outbuildings will be needed for the resettlement of the 356 Bikini inhabitants now living on Kili Island. Schools, health facilities, roads, a dock, warehouses, etc., and replanted food crops and coconut groves must be provided to make the island habitable.

The first 40 housing units are nearing completion and the coconut trees are growing well. Resettlement of the first group of families is expected early in 1974 although it will take several years to complete all the public and private facilities. The 480-mile distance to the district center creates serious logistic problems which have delayed the construction schedule.

The FY 1975 funds will be used to finish the construction of the planned 78 housing units, each unit consisting of a core house, an outhouse, a bath house, a cook house and a water catchment system. Rebuilding of the public facilities will be undertaken. The budget estimate also includes costs for maintenance and replanting of coconuts and food crops and for moving costs to transport people and their household goods from Kili to Bikini.

b. Civic Action Teams - $650,000

A total of $650,000 is requested in FY 1975 to allow five Civic Action Teams to be active, one in each district except the Marianas. The Teams that have worked in the Marianas District, where there are few outer island residents, will have completed virtually all the identified small projects by the end of FY 1974. The Team now in the Marianas will be sent home at the end of FY 1974 since there would not be enough work for another full year.

The Teams provide two very important services to the districts. The Teams are self-contained units which bring their own equipment to project sites. They are able to carry on projects in remote areas without requiring the use of very scarce Trust Territory construction equipment. During this past year, the Teams completed a dam and water distribution system on Kusaie; built a dispensary and community buildings on the southwest Palau Islands; erected a large dispensary on Wotje, Marshalls District; along with other small projects in all districts.

Training of the local people in construction skills is another important service provided by the Teams. At each project site, residents are recruited to participate in the work and thus receive valuable experience in construction methods and in the use of tools and equipment.

The total cost of the Teams is about four times the Trust Territory's share; the value of the Teams' output in terms of facilities built, training rendered, and the goodwill generated far exceeds the cost.

c. Eniwetok Planning - $75,000

A total of $75,000 is requested in FY 1975 to provide for a master plan to be used as a basis for developing both immediate and long range programs for the rehabilitation and resettlement of Eniwetok Atoll in the Marshalls District. It will involve, to the maximum extent possible, the Eniwetokese people, through their planning council, in the decision making process. It will provide cost estimates to be used by the Department of the Interior and the Trust Territory Government in budgeting for the subsequent rehabilitation program.

9. Water, Sewer, and Power Facilities - $1,794,000

Funds requested in FY 1975 will be used for:

| | | |
|---|---|---|
| a. | Power, Marianas | $ 709,000 |
| b. | Power, Ponape | 135,000 |
| c. | Power, Truk | 110,000 |
| d. | Water, Marianas | 10,000 |
| e. | Water, Ponape | 80,000 |
| f. | Water, Truk | 665,000 |
| g. | Water Resources Study | 85,000 |
| | Total | $1,794,000 |

a. Power, Marianas - $709,000

In August, 1972, a fire at the existing power plant destroyed almost 80% of Saipan's generating capacity. Emergency generators borrowed from military and civilian sources on Guam provided limited power while a new power plant was being rushed to completion.

The new power plant and its generators, funded with prior years' appropriations, have now brought total generating capacity to about 10,000 KW. This represents an increase of 2,300 KW over the pre-fire level. Saipan now has an emergency reserve which will allow one of the large generators to be taken out of service for maintenance and repair without curtailing power use. However, the increased capacity is not great enough to expand service or reduce the backlog of applicants awaiting for power.

Power consumption on Saipan is increasing at an alarming rate (up 1,400 KW in one year). Additional power is urgently needed and $627,000 is requested in this budget to purchase a generator with a rated capacity of about 2,600 KW.

Recently new public facilities such as the additional elementary classrooms, water and sewer facilities, and airport lighting have placed new demands for power. Home use of electricity is also on the increase as more and more modern homes are built and more and more residents buy and use electrical appliances. Commercial business requirements, including tourist related facilities, are increasing almost daily. It is anticipated that the addition of the requested 2,600 KW generator will no more than meet demand at time of installation, with an emergency reserve to allow a large generator to be out for maintenance and repairs.

The FY 1975 request will also provide $82,000 to be used to extend power lines to villages on Saipan and Rota. New home building is proceeding quite rapidly on Saipan so that an additional five miles of village distribution lines will be built for $75,000 to keep pace with growth in the Garapan and Tanapag areas. One mile of distribution line will be built at a cost of $7,000 to electrify Teneto, a new subdivision on Rota.

b. Power, Ponape - $135,000

The FY 1975 funds will be used to extend distribution lines in two areas; to the Sokehs Island area on Ponape proper and to the villages of Lelu, Tofol and Tafunsak on the outer island of Kusaie. The power line extension is expected to bring the benefits of electricity for the first time to more than 2,500 people on the two islands.

c. Power, Truk - $110,000

The FY 1975 request will be used to purchase and install three generators and provide for line work on Satawan, a newly created subdistrict center of Truk. These small generators will be purchased to furnish power to the administrative offices, the Satawan Junior High School, an elementary school, and to some of the 100 private homes on the island.

d. Water, Marianas - $10,000

The island of Rota in the Marianas District has a natural water cave filled by a spring. The purpose of the $10,000 being requested is to fund an enlargement of a Japanese-built impoundment wall which traps the water as it flows from the cave. This will significantly increase the water supply to the 1,100 residents of Songsong Village.

e. Water, Ponape - $80,000

A new water system is already under construction on Ponape, funded by prior years' appropriations. The $80,000 requested in FY 1975 will be used to provide laterals off the main lines. The laterals, to be laid down in Kolonia and four adjacent villages, will allow more than 1,000 additional people to tap into the central system.

f. Water, Truk - $665,000

Phases I and II of the Moen island water system are well underway and will provide water to the western and northwestern sections of the island. Wells have already been sunk and pumping stations and distribution lines are being put into place.

The FY 1975 request will be used to extend the system to the Sapuk Peninsula, the eastern tip of the island. A one-million gallon tank will be built at Neano to increase reservoir capacity and to allow for future expansion of the system on the western and southern parts of the island. More than 1,000 additional people in the two areas will be able to tie into the system.

g. Water Resources Study - $85,000

The availability of fresh water imposes quite rigid limits on the number of people who can live on an island and on the growth rate of its economy. While it is possible to overcome a power shortage by adding generators and a land shortage by building multi-story buildings, there is no economical way to ship or manufacture potable water. Therefore, an island community must know how much water it has and can use so that it can plan for development.

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Trust Territory of the Pacific Islands

The Trust Territory Government has been engaged in a cooperative effort with the U.S. Geological Survey to measure water resources for several years, usually funded as part of the feasibility and design studies for a major new water and sewer system. Most of these systems are now under construction but there is a need to continue hydrologic surveys and to develop the data base required for future expansion of the systems.

The USGS provides engineering, training, instrumentation, and equipment for the studies and analyzes and processes field data for publication. USGS personnel will also assemble water supply data from old records of the missions, the Japanese administration, and the U.S. military. The Trust Territory supplies personnel to install, maintain and collect data from surface water, ground water, and rainfall gaging stations. The total cost to the Trust Territory Government during FY 1975 will be $85,000, with the USGS contributing a like amount in man-hours, computer time, and material.

10. Maintenance and Rehabilitation Facilities - $350,000

Funds requested in FY 1975 will be used for:

| | |
|---|---|
| a. Emergency and Minor Construction | $200,000 |
| b. Heavy Construction Equipment | 115,000 |
| c. Public Works Warehouse and Office, Kusaie | 35,000 |
| Total | $350,000 |

a. Emergency and Minor Construction - $200,000

Funds are requested in this category to provide for unforeseen minor projects and projects which arise as a result of some emergency. Some projects funded in FY 1973 include $14,000 for repairs to the Ebeye Dock; $25,000 as the Trust Territory's share of building meeting chambers for the Congress of Micronesia; and $28,000 to replace a key water treatment tank which had failed on Yap.

The physical plant of the Trust Territory faces an always-present threat of damage from accidents and destructive natural forces. Public buildings in all districts are threatened by frequent tropical storms and typhoons. Since the size of the physical plant is growing each year, the likelihood that emergencies will arise is also growing. The $200,000 requested in FY 1975 will accommodate some of the many requests from the districts for emergency and minor construction work.

b. Heavy Construction Equipment - $115,000

Heavy construction equipment is acquired and maintained by the Trust Territory Government for use by six District Public Works Departments and for rental to local contractors, municipalities, and private users.

Procurement of excess military equipment has resulted in significant savings to the government in acquiring its stock of heavy equipment. This supply source is becoming exhausted so that replacement equipment will have to be purchased from commercial sources at much higher cost.

The $115,000 requested in FY 1975 will be used to replace worn out heavy construction equipment for use in all districts.

c. Public Works Warehouse and Office, Kusaie - $35,000

The growing number of government construction programs on Kusaie, an important subdistrict center of Ponape, requires that additional work and storage space be provided. At present, part of the Public Works complex is housed in open-sided, tin-roofed shacks in congested Lelu. The FY 1975 request will be used to safeguard government-owned equipment and materials and allow the dilapidated shacks to be torn down.

11. General Support Facilities - $40,000

Funds requested in FY 1975 will be used for:

| | |
|---|---|
| a. Supply Warehouse and Office, Kusaie | $40,000 |

a. Supply Warehouse and Office, Kusaie - $40,000

The level of government activity on Kusaie is increasing. The larger school system, new hospital, and the increasing level of government construction requires that additional storage space be provided for supplies and materials. The FY 1975 request of $40,000 will allow a large prefabricated warehouse to be built in Tofol Village.

The warehouse will be located at the new government complex which will also include administrative offices and a public works facility. The new facilities in Tofol will allow ramshackle buildings in congested Lelu to be abandoned.

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## III. ECONOMIC DEVELOPMENT LOAN FUND:

FY 1974 $1,000,000, FY 1975 $1,000,000: Increase - 0 -

The amount of $1,000,000 is required in FY 1975 for the Economic Development Loan Fund under the authority of Public Law 92-257.

In recent years substantial investment has been made in infrastructure for Micronesia such as water, sewer, power and airfields. More is planned in the coming years. This infrastructure investment has a bearing on future productivity if Micronesia can achieve levels of capital investment which can build a solid base of development on the infrastructure. Local private capital from savings or from present private or governmental borrowing capacities cannot begin to meet the total need. Development of Micronesia today is dependent on the initiative and assistance of the United States in aiding Micronesia entrepreneurs to obtain adequate capital for investment.

The management of the Economic Development Loan Fund is vested in a Board of Directors appointed by the High Commissioner. Each district also has a District Board of Directors appointed by the District Administrator. The District Boards review all loan applications originating in their districts and are authorized to make direct loans up to $10,000. Loans of over $10,000, if approved, are forwarded to Headquarters where priorities are determined and the loans are made.

Loans may be made to corporations and cooperative associations authorized to conduct business in the Trust Territory; local governments; or citizens or residents of the Trust Territory who are engaged in agriculture, manufacturing, commercial fishing, services, or improvements of real property for industrial purpose when specifically determined by the Board to be beneficial, desirable and necessary. The loan must create employment, replace imports, reduce consumer prices, create needed facilities and services, or create exports.

Although the Economic Development Loan Fund was established in FY 1963, the Trust Territory Government has been lending to private enterprises since 1956 when a revolving fund was made available by the U.S. Congress for loans to locally owned trading companies. This revolving fund was transferred to the Economic Development Loan Fund which has since been augmented by appropriation until it has reached a current capitalization of approximately $2.9 million. Since 1964, 360 direct loans for a total of $2.7 million and 91 guaranteed loans totalling $3.0 million have been made.

With a $1 million appropriation for FY 1975, the Board of Directors of the Economic Development Loan Fund would make loans in accordance to its established project priorities approximately as follows:

| | |
|---|---|
| Marine Resources | $ 300,000 |
| Agriculture | 200,000 |
| Working Capital/Business Expansion | 100,000 |
| Tourism | 200,000 |
| Miscellaneous Services | 100,000 |
| Cottage Industries (Handicrafts) | 100,000 |
| Total | $1,000,000 |

Public Law 92-257 authorizes funding for the Trust Territory Economic Development Loan Fund up to a total of $5,000,000. It is projected that with a total capitalization of $5 million, there would be a total of roughly $5.8 million in direct loans and $7 million in loans made by commercial banks with an EDLF guaranty. The loan emphasis will continue to be in the areas of marine resources, agriculture and tourism.

Identification of viable economic projects suitable for EDLF financing will continue with emphasis upon broadening the economic base of Micronesia.

Marine resources is projected to receive about 30% of the Fund for the development of the inshore and offshore fisheries development. Loans to this sector would finance purchase of fishing boats and accessories, freezers and working capital to maintain shoreside operations, supplies and the like.

Viable agricultural projects would be financed to expand food and meat production. Loans would finance poultry and livestock projects, vegetable production, etc. Roughly 20% of the Fund would be injected into this sector.

The most visible impact of the Fund would be in the development of the tourism industry. It is estimated that roughly 20% of the Fund would be utilized in financing tourist-oriented activities such as the expansion of local markets for agricultural, marine and hadicraft products; lodging, entertainment and recreational services.

The commercial sector of the economy which includes working capital, business expansion, miscellaneous services, cottage industries, etc., will receive about 30% of the Fund.

Two-thousand-six-hundred or more new jobs would be created by the influx of EDLF capital. The largest number of the new jobs created will be in semi-skilled, unskilled, seasonal, and miscellaneous categories. This means that many underemployed Micronesians will be immediately drawn out of the Territory's idle labor pool into productive employment and there should be less dependence upon government employment.

Trust Territory of the Pacific Islands

## Economic Development Loan Fund
## Balance Sheet
## June 30, 1973

**ASSETS**

| | | |
|---|---|---|
| Cash: | | |
| Checking Account, Bank of America | | 50,314.09 |
| Time Certificate of Deposit - B/A @6%, due 10/26/73 | | 100,000.00 |
| Time Certificate of Deposti - B/A @6%, due 10/26/73 | | 100,000.00 |
| Time Certificate of Deposit - B/A @7-1/8%, due 12/22/73 | | 100,000.00 |
| Time Certificate of Deposit - B/A @7-3/8%, due 12/27/73 | | 100,000.00 |
| | | $ 450,314.09 |
| Loans Receivable | $1,695,561.21 | |
| Less: Reserve for uncollectible loans | 233,680.29 | $ 1,461,880.92 |
| Account Receivable (Guaranteed Loans in Default) | | 44,130.42 |
| Total Assets | | $ 1,956,325.43 |

**CAPITAL**

| | | |
|---|---|---|
| Appropriation | $1,893,909.22 | |
| Retained Earnings | 62,416.21 | $ 1,956,325.43 |
| Total Capital | | $ 1,956,325.43 |

……

## Economic Development Loan Fund
## Cash Available for Direct Loans
## June 30, 1973

| | |
|---|---|
| Total Cash | $ 450,314.00 |
| Less: Cash reserve required for Guaranteed Loans (25% of $735,589) | 183,897.00 |
| CASH AVAILABLE FOR DIRECT LOANS | $ 266,417.00 |
| Less: Loans approved by Economic Development Loan Fund Board, but not yet consummated: | |
| Direct Loans | $ 28,126.00 |
| Guaranteed Loans (25% of $148,100) | 37,025.00 |
| Cash available for further loans | $ 201,266.00 |
| Less: Reserve for districts' use | $ 44,572.00 |
| NET CASH AVAILABLE FOR LOANS | $ 156,694.00 |

## ITEMIZATION OF ESTIMATE

Department of the Interior
Appropriation Title: Trust Territory of the Pacific Islands, Territorial Affairs

| | FY 1973 Actual | FY 1974 Estimate | FY 1975 Estimate | Increase + Decrease - |
|---|---|---|---|---|
| **Program and Financing:** | | | | |
| Total obligations ........ | $59,439,948 | $72,349,365 | $61,000,000 | $-11,349,365 |
| Unobligated balance, start of year ................ | -13,903,313 | -14,463,365 | --- | +14,463,365 |
| Unobligated balance, end of year ................ | 14,463,365 | --- | --- | --- |
| Budget authority ...... | $60,000,000 | $57,886,000 | $61,000,000 | $ +3,114,000 |
| **Object Classification:** | | | | |
| 11 Personnel compensation.. | $3,334,000 | $2,993,000 | $2,906,000 | $-87,000 |
| 12 Personnel benefits...... | 217,000 | 195,000 | 191,000 | -4,000 |
| 21 Travel and transportation of persons............. | 98,000 | 192,000 | 227,000 | +35,000 |
| 22 Transportation of things | 8,000 | 1,000 | 2,000 | +1,000 |
| 23 Rent, communications, and utilities.......... | 6,000 | 6,000 | 6,000 | --- |
| 24 Printing and reproduction................... | 2,000 | 6,000 | 9,000 | +3,000 |
| 25 Other services.......... | 61,000 | 72,000 | 56,000 | -16,000 |
| 26 Supplies and materials.. | 8,000 | 8,000 | 11,000 | +3,000 |
| 31 Equipment............... | 6,000 | 15,000 | 19,000 | +4,000 |
| 41 Grants, subsidies, and contributions.......... | 55,699,948 | 68,861,365 | 57,573,000 | -11,288,365 |
| Total obligations.... | $59,439,948 | $72,349,365 | $61,000,000 | $-11,349,365 |

## PERSONNEL SUMMARY

| | 1973 Actual | FY 1974 Estimate | FY 1975 Estimate |
|---|---|---|---|
| Total number of permanent positions ........ | 204 | 171 | 167 |
| Average paid employment .................... | 191 | 167 | 161 |
| Average GS grade .......................... | 10.6 | 10.9 | 10.9 |
| Average GS salary ......................... | $16,023 | $17,673 | $17,905 |
| Average salary of ungraded positions ....... | $14,007 | $14,477 | $14,477 |

## Trust Territory of the Pacific Islands

### Analysis of Funds Available Within Trust Territory from Other Federal Agencies

| Activity | Federal Grantor Agency | Name of Grant (Authorizing Legislation) | FY 1974 Estimate | FY 1975 Estimate |
|---|---|---|---|---|
| **Health** | | | | |
| Comprehensive Health Planning | HEW - HSMHA | Public Health Services Act | $ 90,000 | $ 90,000 |
| Public Health Action Programs | HEW - HSMHA | Public Health Services Act | 374,000 | 374,000 |
| Mental Health | HEW - HSMHA | Public Health Services Act | 66,000 | 66,000 |
| Prevention and Control of Communicable Disease | HEW - HSMHA | Public Health Services Act | 32,000 | 32,000 |
| Maternal and Child Health | HEW - HSMHA | Social Security Act, Title V | 123,000 | 123,000 |
| Crippled Children Services | HEW - HSMHA | Social Security Act, Title V | 160,000 | 160,000 |
| Mental Retardation | HEW - HSMHA | Social Security Act, Title V | 10,000 | 10,000 |
| Venereal Disease Control | HEW - HSMHA | Public Health Services Act | 35,000 | 35,000 |
| Alcohol Abuse/Alcoholism | HEW - HSMHA | Alcoholic & Narcotic Rehab. Act | 55,000 | 55,000 |
| Drug Abuse | HEW - HSMHA | Alcoholic & Narcotic Rehab. Act | 15,000 | 15,000 |
| Vocational Rehabilitation | HEW - HSMHA | Vocational Rehabilitation Act | 125,000 | 125,000 |
| Handicapped Children | HEW - HSMHA | Vocational Rehabilitation Act | 35,000 | 35,000 |
| Water Pollution Control | EPA - ORM | Water Pollution Control | 75,000 | 75,000 |
| Total Health Program | | | $1,195,000 | $1,195,000 |
| **Education** | | | | |
| Elementary and Secondary Education Programs | HEW - USOE | ESEA Titles I, II, III, and IV | $1,512,000 | $1,425,000 |
| Library Services and Construction | HEW - USOE | LSCA Titles I, II and III | 68,000 | 46,000 |
| Adult Education | HEW - USOE | Adult Basic Education Act | 82,000 | 82,000 |
| Manpower Training | HEW - USOE & DOL - Manpwr. Adm. | Manpower Development and Training Act | 174,000 | 150,000 |
| Education Professional Development | HEW - USOE | Higher Education Act, Title V | 15,000 | 15,000 |
| Vocational Education | HEW - USOE | Vocational Education Act | 318,000 | 300,000 |
| College Work-Study | HEW - USOE | Higher Education Act, Title IV | 117,000 | 117,000 |
| Educational Opportunity | HEW - USOE | Higher Education Act, Title IV | 18,000 | 18,000 |
| Education of the Handicapped | HEW - USOE | Education Handicapped Act (ESEA VI) | 80,000 | 80,000 |
| Emergency School Assistance | HEW - USOE | Emergency School Assistance Act | 204,000 | 204,000 |
| Special Food Services | USDA - FNS | National School Lunch Act | 22,000 | 22,000 |
| Total Education Program | | | $2,610,000 | $2,459,000 |

Trust Territory of the Pacific Islands

| Activity | Federal Grantor Agency | Name of Grant (Authorizing Legislation) | FY 1974 Estimate | FY 1975 Estimate |
|---|---|---|---|---|
| Resources and Development | | | | |
| Mariculture | NOAA - NMFS | Sea Grant Program | $ 70,000 | $ - 0 - |
| Oceanic Conditions Study | DOI - USGS | U.S. Geological Survey Program | 14,000 | 14,000 |
| Animal Health Services | DOD - USAF | (Technical Assistance) | 30,000 | 30,000 |
| Total Resources and Development Program | | | $ 114,000 | $ 44,000 |
| Public Works | | | | |
| Water Resources Study | DOI - USGS | (USGS/TTPI Contract) | $ 57,000 | $ 85,000 |
| Disaster Control Office | FDAA | Disaster Relief Act | 25,000 | 25,000 |
| Sewage Treatment Plant Operators Training | EPA - ORM | Federal Water Pollution Control Act | 80,000 | 80,000 |
| Airport Planning | FAA | Airport and Airway Development Act | 75,000 | 100,000 |
| Total Public Works Program | | | $ 237,000 | $ 290,000 |
| Public Affairs | | | | |
| Territorial Economic Opportunity Office | OEO | Economic Opportunity Act | $ 10,000 | $ - 0 - |
| Micronesian Legal Services Program | OEO | Economic Opportunity Act | 600,000 | 600,000 |
| Community Action Agencies | OEO | Economic Opportunity Act | 519,000 | - 0 - |
| Head Start Program | HEW - OCD | Economic Opportunity Act | 185,000 | 185,000 |
| Trust Territory Office on Aging | HEW - SRS | Older Americans Act | 178,000 | 178,000 |
| Foundation for the People of the South Pacific | HEW - OCD | Economic Opportunity Act | 50,000 | - 0 - |
| Neighborhood Youth Corps | DOL - Manpwr. Adm. | Economic Opportunity Act | 80,000 | 80,000 |
| Youth Services Coordination | HEW - SRS | Juvenile Delinquency Prevention and Control Act | 25,000 | 25,000 |
| Community Development Training | HUD - Com. Dev. | Housing and Urban Development Act, Title VIII | 20,000 | - 0 - |
| Total Public Affairs Program | | | $1,667,000 | $1,068,000 |

## Trust Territory of the Pacific Islands

| Activity | Federal Grantor Agency | Name of Grant (Authorizing Legislation) | FY 1974 Estimate | FY 1975 Estimate |
|---|---|---|---|---|
| Administration | | | | |
| Public Employment Program | DOL - Manpwr. Admin. | Emergency Employment Act | $ 296,000 | $ - 0 - |
| Donated Food Commodities | USDA - FNS | Agricultural Act of 1949 | 1,310,000 | 505,000 |
| National Science Foundation | NSF | National Science Foundation Act | 15,000 | 15,000 |
| Total Administration Program | | | 1,621,000 | 520,000 |
| Peace Corps | | | 1,014,000 | 1,014,000 |
| GRAND TOTAL | | | $8,458,000 | $6,590,000 |

## Trust Territory of the Pacific Islands

### Comparison FY 1974 as Justified with Current Submission

| | FY 1974 in printed in Cong.Justif. | Adjustments for Leased Housing and Furniture and Fixtures | Minor Program Adjust. | Regular Approp. Reduction | First Supplemental Appropriation | TT FY 1974 Program in FY 1975 Budget Est. |
|---|---|---|---|---|---|---|
| I. DIRECT APPROPRIATION: | | | | | | |
| A. High Commissioner's Office | $ 411,000 | $ - 0 - | $ - 0 - | $ - 0 - | $ - 0 - | $ 411,000 |
| B. Judiciary | 400,000 | - 0 - | - 0 - | - 0 - | - 0 - | 400,000 |
| Total - Direct Appropriation | 811,000 | - 0 - | - 0 - | - 0 - | - 0 - | 811,000 |
| II. GRANTS: | | | | | | |
| A. OPERATIONS: | | | | | | |
| 1. Health Services | 7,594,100 | -18,800 | -17,200 | - 0 - | - 0 - | 7,558,100 |
| 2. Education | 12,834,100 | -91,000 | +96,400 | - 0 - | - 0 - | 12,839,500 |
| 3. Public Affairs | 2,107,000 | -7,000 | -17,700 | - 0 - | - 0 - | 2,632,300 |
| 4. Resources and Development | 4,760,400 | -27,700 | -8,700 | - 0 - | +550,000 | 5,524,000 |
| 5. Protection to Persons and Property | 2,359,600 | -10,000 | +54,600 | - 0 - | +800,000 | 2,404,200 |
| 6. Administration | 5,038,100 | -29,700<br>+230,000 1/ | -17,400 | - 0 - | - 0 - | 5,221,000 |
| 7. Transportation and Communications | 3,246,700 | -12,200 | -12,000 | - 0 - | - 0 - | 3,222,500 |
| 8. Public Works | 8,025,000 | -33,600 | -78,000 | - 0 - | - 0 - | 7,913,400 |
| Total - Operations | 45,965,000 | - 0 - | - 0 - | - 0 - | +1,350,000 | 47,315,000 |
| B. CAPITAL IMPROVEMENTS | 8,224,000 | - 0 - | - 0 - | -8,224,000 | +8,760,000 | 8,760,000 |
| Sub-Total - Grants | 54,189,000 | - 0 - | - 0 - | -8,224,000 | +10,110,000 | 56,075,000 |
| Sub-Total - Direct and Grants | 55,000,000 | - 0 - | - 0 - | -8,224,000 | +10,110,000 | 56,886,000 |
| III. ECONOMIC DEVELOPMENT LOAN FUND | 1,000,000 | - 0 - | - 0 - | - 0 | - 0 - | 1,000,000 |
| TOTAL - NEW OBLIGATIONAL AUTHORITY | $56,000,000 | $ - 0 - | $ - 0 - | $-8,224,000 | $+10,110,000 | $57,886,000 |

Trust Territory of the Pacific Islands

1/ For the past few years the Trust Territory has budgeted $230,000 for the leasing of houses and for the replacement of furniture and fixtures in Government-owned as well as leased houses in the end-use activities requiring staff housing. The $230,000 was prorated through all budgets on the basis of the numbers of U.S. staff budgeted. This method of financing has become increasingly cumbersome. As more and more Micronesians move into key positions, more and more Micronesians have moved into staff housing. Micronesians recruited to work in districts other than their own or recruited from other islands in their home district are eligible to occupy Government-owned quarters, or Government-leased quarters, or for a living quarters allowance (in cases where Government-owned or leased quarters are not available). It is now unrealistic to continue charging the end-use activities on the basis of U.S. staffing budgeted. With this budget, the full $230,000 is transferred into the Leased Housing Loan Fund budget to be used for the same purpose as originally intended. This $230,000 is over and above the $100,000 budgeted directly to the Leased Housing Loan Fund in FY 1974. The budget activity "Leased Housing Loan Fund" first received funding of $100,000 in the FY 1973 Regular appropriation. At that time we were already leasing 44 units and the Government owned 585 units of staff housing. The $100,000 was for the purpose of stimulating the building of additional units and funding costs of the new leases.

Trust Territory of the Pacific Islands

## Publications Division
## Estimated Revenues and Obligations
## Fiscal Year 1975

| | FY 1975 Estimate |
|---|---|
| REVENUES | $289,700 |
| **Obligations by Object Classification:** | |
| Personnel Services - U.S. | 24,500 |
| Personnel Services - Micronesian | 84,500 |
| Personnel Benefits | 4,100 |
| Travel | 4,000 |
| Printing and Production (Contracted) | 6,800 |
| Rental, Communication and Utilities | 27,000 |
| Other Services | 1,000 |
| Supplies and Materials | 130,000 |
| Acquisition of Capital Equipment | 7,800 |
| Sub-Total - Estimated Obligations | $289,700 |
| NET REVENUES | $ - 0 - |

Trust Territory of the Pacific Islands

## CONGRESS OF MICRONESIA

Pursuant to the Secretary of Interior's Order 2882, the Congress of Micronesia was created on September 28, 1964, consisting of two Houses, the Senate and the House of Representatives. The Senate is composed of 12 Senators, two from each of the six administrative districts, elected for a term of four years. The House of Representatives is composed of 21 Representatives, elected on a population basis from each of the twenty-one representative districts for a two-year term. Up to July 26, 1968, four amendments were issued which made several significant changes to the Order.

On December 27, 1968, Secretary Order 2918 was issued and consolidated previous Trust Territory Orders, and their amendments, into a single document. The Legislature provisions, formerly contained in Order 2882 and its four amendments, are Part III of Order 2918.

On August 13, 1970, Amendment No. 1 to Secretarial Order 2918 was issued which made several significant changes to the Order, among which are the lengthening of the present 45-day session to 50 days, and moving the Regular Session from July to January beginning with the 4th Congress, 1st Regular Session of the Congress of Micronesia.

Section 4 of the Order, as amended, sets forth the legislative authority of the Congress of Micronesia to enact tax laws and other revenue laws, and provides in part federal subsidy to the Congress of Micronesia. The pertinent Section 4 of the Order, as amended, reads as follows:

> "Section 4. Budget. Money bills enacted by the Congress of Micronesia shall not provide for the appropriation of funds in excess of such amounts as are available or estimated to be available from revenues raised pursuant to the tax laws and other revenue laws of the Trust Territory: Provided, that the Secretary of the Interior shall, from time to time, define the term 'revenue' as used herein, so as generally to exclude therefrom all sums attributable to user charge or service related reimbursements to the Government of the Trust Territory.
>
> Prior to his final submission to the Secretary of the Interior of requests for Federal funds necessary for the support of governmental functions in the Trust Territory, the High Commissioner shall prepare a preliminary budget plan. He shall submit such plan to the Congress of Micronesia or the appropriate authorized committee or committees thereof for its review and recommendations with respect to such portions as relate to expenditures of funds proposed to be appropriated by the Congress of the United States. With respect to such portions of the preliminary budget plan, the High Commissioner shall adopt such recommendations of the Congress or the appropriate authorized committee or committees thereof as he shall deem appropriate, but he shall transmit to the Secretary of the Interior all recommendations he has not adopted.
>
> For Fiscal Years 1971 and 1972, the Congress of Micronesia is authorized $125,000 from Federal grants appropriated to the Trust Territory of the Pacific Islands by the Congress of the United States, for operations and expenses of the Congress of Micronesia. For succeeding fiscal years, the Congress of Micronesia may request continuing or additional funds for its operations and expenses. Such requests shall be incorporated in the High Commissioner's preliminary budget plan for processing as set forth in this section."

Trust Territory of the Pacific Islands

## Congress of Micronesia

## Summary of Appropriations

| A. Congress Operational Expenses | Public Law No. | Fiscal Year 1973 |
|---|---|---|
| 1. Senate and House Expenses | 4C-87 and 5-18 | $ 711,072.00 |
| 2. Legislative Counsel's Office | 4C-87 | 495,019.00 |
| 3. Special Session | 4C-87 | 60,000.00 |
| 4. Outside travel for members and staff of Congress of Micronesia | 4C-87 | 20,000.00 |
| 5. Joint Committee on Future Status | 4C-87 and 4C-88 | 155,000.00 |
| 6. Joint Committee on Program and Budget Planning | 4C-87 | 25,000.00 |
| 7. Joint Committee on Marine Resources Development | 4C-87 | 10,000.00 |
| 8. Joint Committee on Administrative Appointments | 4C-93 | 10,000.00 |
| 9. Special Joint Committee concerning Rongelap and Utirik Atoll | 4C-95 | 10,000.00 |
| Sub-Total | | $1,496,091.00 |
| **B. Other Programs** | | |
| 1. Trust Territory contribution to South Pacific Commission | 4C-3 | 1,000.00 |
| 2. Codification and printing of Trust Territory Code | 4C-12 | 7,115.00 |
| 3. Scholarships and other purposes | 4C-63 | 350,000.00 |
| 4. Social Security Administration | 4C-64 and 5-9 | 91,500.00 |
| 5. Payment of services rendered by Harrop A. Freeman | 4C-81 | 5,000.00 |
| 6. Customs and Tax Administration | 4C-80 | 166,000.00 |
| 7. Supplementing Administrative Costs of November 7, 1972 General Election | 4C-82 | 10,000.00 |
| 8. Improvement of Community College of Micronesia | 4C-84 | 35,000.00 |
| 9. To supplement and subsize the Copra Stabilization Fund | 5-4 | 300,000.00 |
| 10. Expenses of Micronesian students attending Maunoalu Campus of U.S. International University, State of Hawaii | 5-19 | 35,000.00 |
| 11. Purchase one Hander Fresh Wet Coconut Oil Processing Machine and continuing and expanding Vocational Agriculture Program | 5-24 | 40,000.00 |
| 12. Board of Directors of the Bank of Micronesia | 5-40 | 50,000.00 |
| 13. Trust Territory Census Act of 1973 | 5-38 | 40,000.00 |
| Projects of Marianas | | |
| 14. Emergency funding for Saipan Power System | 4C-89 | 200,000.00 |
| 15. For various purposes for the Mariana Islands District and for other purposes | 5-50 | 315,000.00 |

Trust Territory of the Pacific Islands

| | | | |
|---|---|---|---|
| | Projects of Palau District | | |
| 16. | For various projects in Palau District | 4C-54 | $ 300,000.00 |
| 17. | For improvement of projects in Babelthaup Roads | 5-31 | 225,000.00 |
| 18. | For mooring buoy for the Angaur Channel and purchasing a boat for Angaur Municipality | 5-33 | 50,000.00 |
| 19. | For purchase of school buses for Koror Municipality, and for purchase of equipment and accessories for projects in Melekeok Municipality and for other purposes | 5-49 | 50,000.00 |
| | Project of Yap District | | |
| 20. | For certain public purchases and projects | 5-10 | 297,250.00 |
| | Project of Truk District | | |
| 21. | To carry out the purposes of P.L. No. 4C-53, to provide funds for other projects in Truk District and for other purposes | 5-14 | 375,000.00 |
| | Projects of Ponape District | | |
| 22. | To purchase a boat for the Ponape Producer's Cooperative Association | 4C-83 | 10,000.00 |
| 23. | For certain improvement projects in Ponape District, and for other purposes | 5-46 | 370,000.00 |
| 24. | For the maintenance of historical sites in Ponape District | 4C-85 | 5,000.00 |
| | Projects of Marshalls District | | |
| 25. | Public Works projects and Social Economic Development Program | 4C-68 | 250,000.00 |
| 26. | Extending the new Majuro Airport runway by not less than 900 feet and paving the Majuro roads and other purposes | 5-12 | 550,000.00 |
| | All Districts | | |
| 27. | Operating expenses of the district fishing authorities in each district | 5-22 | 90,000.00 |
| 28. | Loans to fishing cooperative associations and their members and for other purposes | 5-23 | 300,000.00 |
| 29. | Supplemental appropriation for the payment of certain heavy equipment, machinery, projects, programs and other purposes | 5-16 | 8,214.15 |
| | Sub-Total | | $4,526,079.15 |
| | Total Appropriations | | $6,022,170.15 |

## Trust Territory of the Pacific Islands

## Congress of Micronesia

## Estimated Revenues by Sources

| Sources: | FY 1973 Actual | FY 1974 Estimate | FY 1975 Estimate |
|---|---|---|---|
| 1. Public Law 4C-2 | | | |
| Income Tax | $3,315,387 | $3,600,000 | $3,850,000 |
| 2. Public Law 4-22 | | | |
| Business Licenses | 32,918 | 30,000 | 35,000 |
| Gasoline and Diesel Fuel Tax | 75,846 | 75,000 | 75,000 |
| Scrap Metal Export Tax | 432 | 1,000 | 1,000 |
| Import Taxes | 970,874 | 1,090,000 | 1,140,000 |
| 3. Other Revenues | | | |
| Court Fines, Penalties, Etc. | 32,244 | 40,000 | 45,000 |
| Unimproved Land Rental | 28,747 | 30,000 | 35,000 |
| Other Property Rental | 76,332 | 85,000 | 90,000 |
| Corporation Tax (Mobil) | 92,288 | 45,000 | 45,000 |
| Other Licenses and Permits | 11,415 | 10,000 | 10,000 |
| Miscellaneous | 7,334 | 10,000 | 20,000 |
| Total | $4,644,317* | $5,016,000* | $5,346,000 |

* Excludes $125,000 of U.S. Grants Funds appropriated for support of the operations of the Congress of Micronesia.

### DEPARTMENT OF THE INTERIOR
### TRUST TERRITORY OF THE PACIFIC ISLANDS
### MICRONESIAN CLAIMS FUND

| | |
|---|---|
| Appropriation, 1973 | -0- |
| Appropriation, 1974 | -0- |
| Budget estimate, 1975 | $1,400,000 |

Analysis by Activity

| Activity | F.Y. 1973 Amount Available | F.Y. 1974 Amount Available | F.Y. 1975 Estimate | Increase (+) or Decrease (-) 1975 Compared with 1974 |
|---|---|---|---|---|
| War Claims: | | | | |
| Title I | | | | |
| Unobligated balance, start of year | $-5,000,000 | $-4,999,000 | $-3,500,000 | $+3,500,000 |
| Current year obligations | 1,000 | 1,499,000 | 3,500,000 | -3,500,000 |
| Unobligated balance, end of year | 4,999,000 | 3,500,000 | --- | --- |
| Appropriation | --- | --- | --- | --- |
| Title II | | | | |
| Appropriation request-obligations | --- | --- | 1,400,000 | +1,400,000 |
| Total Appropriation | --- | --- | 1,400,000 | +1,400,000 |

JUSTIFICATION

War Claims: Fiscal year 1974, -0-; fiscal year 1975, $1,400,000, increase, $1,400,000. The increase consists of:

| Increase (+) or Decrease (-) | | Total | Total | |
|---|---|---|---|---|
| Amount | Positions | Program | Positions | Explanation |
| $+1,400,000 | -- | $1,400,000 | -- | Initiate settlement of Title II claims pursuant to Public Law 92-39. |

Public Law 92-39 provides ex gratia payments to certain inhabitants of the Trust Territory of the Pacific Islands who suffered damages arising out of the hostilities of the Second World War and prior to July 1, 1951, and to establish a Micronesian Claims Commission. Title I of the Act essentially provides $5,000,000 for war claims matching an equal payment in kind by the Government of Japan. Title II provides $20,000,000 for Post Secure claims to personal or real property that arose prior to July 1, 1951.

Title I monies have already been paid into a "Micronesian Claims Fund" and claims are now being adjudicated and paid. The $1,400,000 fiscal year 1975 request represents the first portion of Title II monies needed to settle Post Secure claims. The Micronesian Claims Commission estimates it will adjudicate 300 Title II cases in fiscal year 1975. Payment will initially be made on a 50% pro-rata basis since the aggregate amount of Title II awards may exceed the $20,000,000 authorization. Those persons determined to have been injured will be expecting their compensation. Prompt payment will reflect well on the United States, whereas delay could adversely affect the current political status negotiations with the people of the Mariana Islands and in the remainder of the Trust Territory of the Pacific Islands.

ITEMIZATION OF ESTIMATE

| | F.Y. 1973 Actual | F.Y. 1974 Estimate | F.Y. 1975 Estimate | Increase (+) Decrease (-) |
|---|---|---|---|---|
| **Program and Financing:** | | | | |
| Total obligations.....$ | 1,000 | $1,499,000 | $4,900,000 | $+3,401,000 |
| Unobligated balance, start of year........ | -5,000,000 | -4,999,000 | -3,500,000 | -1,499,000 |
| Unobligated balance, end of year.......... | 4,999,000 | 3,500,000 | --- | -3,500,000 |
| Budget Authority (Appropriation)... | --- | --- | 1,400,000 | 1,400,000 |
| **Object Classification:** | | | | |
| 42 Insurance claims and indemnities.......... | 1,000 | 1,499,000 | 4,900,000 | +3,401,000 |

### POLITICAL STATUS NEGOTIATIONS

Mrs. HANSEN. Mr. Carpenter, what is the status of negotiations on the future status of Micronesia?

Mr. CARPENTER. If I may say a few words, I would like to introduce Capt. Richard Scott from Ambassador Williams' staff. The staff has been involved specifically in the negotiations.

May I just say, as you know, we have two sets of negotiations underway, one with the northern Marianas and one with the remaining five districts of Micronesia, and that the Department of the Interior has continued to be actively involved in both sets of negotiations.

The last round of these negotiations took place in Washington in November 1973. The major topic of this round of talks was future U.S. assistance to Micronesia after the change in political status.

While three was no specific agreement on amounts, both sides were very close on the type of development formula in terms of grants and loans which could best lead the islands to our shared goal of economic self-sufficiency. Informal consultations between the two delegations have since taken place, and, as the High Commissioner mentioned, Ambassador Williams is presently meeting with the leaders of the Joint Committee on Future Status of Micronesia in California for further informal discussions. We hope to hold another formal round later this year.

### MARIANAS POLITICAL STATUS NEGOTIATIONS

On the Marianas negotiations, these are progressing quite rapidly. The last formal session in December 1973, showed further forward movement and there was tentative agreement in the areas of revenue and taxation, local self-government and preliminary planning for the Marianas transition to self-government.

Extensive consultations on this transition phase are taking place between the two delegations who plan to complete their reports by the end of this week. We hope to hold a fourth formal round of talks with the Marianas in late April or early May and these will concentrate on the important questions of U.S. financial assistance and U.S. land requirements in the area.

Mrs. HANSEN. Does the gentleman from the Ambassador's staff wish to supplement the statement?

Captain SCOTT. My only comment would be that, with the Marianas, we hope to meet around May 9, for the fourth formal round of negotiations with the primary subject being our land requirements and our financial arrangements. There has been no definite date for talks with the Joint Committee on Future States and I think the results of this week's talks in California will determine when the next round will be held with the Joint Committee.

[Discussion off the record.]

### AMOUNT OF LOCAL REVENUE

Mr. EVANS. May I ask a question for my own edification?

We talk about a $60 million authorization as a Federal effort. What is their total local effort?

Mrs. HANSEN. What is your total local input?
Mr. JOHNSTON. Slightly over $5 million.
Mr. EVANS. Thank you.

### FUEL CONSERVATION EFFORTS

Mr. VEYSEY. Madam Chairman, may I ask a question here?

I recognize the importance of transportation by plane and boat in that area, but there is a Government wide effort to try to reduce the utilization of fuel. I recall the target is a 20-percent reduction.

Has it been possible to do anything like that in your situation?

Mr. JOHNSTON. Yes, it has been. Particularly our five outer districts away from the headquarters district have operated on about a 75-percent basis of last year's consumption of fuel. There have been some very definite fuel conservation measures and I would be glad to provide for the record, Madam Chairman, a sample of what one of our districts, the Ponape District, has done specifically toward fuel conservation.

[The information follows:]

TRUST TERRITORY OF THE PACIFIC ISLANDS,
OFFICE OF THE HIGH COMMISSIONER,
*Saipan, March 15, 1974.*

To: High Commissioner.
From: Director of Public Works.
Subject: Fuel conservation information.

The attached is the best example of a report from a district and is representative of the results being achieved by the district administrators.

Thought you might want to take it along on the next trip. The PAMI sales schedule was not reproducible and was only a listing of hours when gasoline is on sale.

JAMES R. WHEELER.

Attachments.

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TRUST TERRITORY OF THE PACIFIC ISLANDS,
OFFICE OF THE DISTRICT ADMINISTRATOR,
*Ponape, Eastern Caroline Islands, February 14, 1974.*

MEMORANDUM

To: Chairman, Trust Territory Fuel Conservation Committee, Saipan.
From: District Administrator.
Subject: District fuel conservation plan.

This district has set up a special Interim Fuel Conservation Committee composed of the district director of public works, superintendent of utilities, district program/budget officer, representatives of Ponape Transportation Authority, district legislature, Mobil Oil Micronesia, and Ponape Automotive and Marine Inc., to deal with the fuel crisis.

On December 13, 1973, this committee met and recommended guidelines for fuel savings which were implemented by the district administrator. They are briefly as follows:

*Gasoline.*—By limiting hours of sale and amounts of allocation, cut sales and consumption to below 75 percent of previous averages. This has been done by PAMI, the one major gasoline outlet on Ponape, without government direction.

*Diesel.*—By allocation of 75 percent of normal consumption, with voluntary cutbacks made on use of private electrical appliances and a conservation program by government users in order to remain within this allocation and not require power rationing or hours.

*Kerosene.*—At the time of the meeting, the kerosene situation was critical since two airlines refuel in Ponape. A 2-month reserve of 35,000 gallons was set aside for local users and it was recommended that the airlines make arrangements for their own fuel needs at that time.

Subsequent to the time of the meeting, fuel supplies have improved in Ponape due to additional delivery and the cooperation of the people in the voluntary conservation of fuel and power.

Our present situation is as follows:

Bulk storage available: Gasoline 211,300 gallons as of February 13, 1974. Stored gasoline, bulk, 205,820 gallons.

Bulk storage available: Diesel 420,000 gallons as of February 13, 1974. Stored Diesel, bulk, 386,730 gallons.

Bulk storage available: Kerosene 225,300 gallons as of February 13, 1974. Stored kerosene, bulk, 215,440 gallons.

In addition to the bulk storage above, PAMI has on hand as of February 13, 1974, 2,500 gallons of gasoline; 1,000 gallons of diesel; and 1,200 gallons of kerosene. Also, the Ponape powerhouse storage tank currently contains 24,000 gallons of diesel fuel. On February 11, 1974, bunkered on the M/V Pacifica bound for Kusaie 8,900 gallons of diesel, and as of February 14, 1974, Kusaie storage has 5,000 gallons of diesel on hand; all for powerhouse and governmental use.

Fuel delivery is projected on March 19, 1974, per information from Mobil Oil Micronesia, Ponape plant.

Previous usage and current projected usage are shown in the accompanying tables.

Monthly needs for Kusaie, to be drawn from this supply are as follows:

Gasoline—13,000 gallons;
Diesel—12,600 gallons; and
Kerosene—2,500 gallons.

Since kerosene and gasoline are shipped to Kusaie by drums, supply depends on availability of drums to fill and on the shipping schedule. For this reason, all available drums are filled on each shipment. A copy of Kusaie's rationing program is attached.

Leo A. Falcam.

Attachments.

[In gallons]

| | MOGAS | ADO | KERO |
|---|---|---|---|
| I. Previous average monthly usage, end of 1973: | | | |
| PAMI[1] | 61,000 | 8,700 | 14,500 |
| Government | 7,200 | 90,000 | 0 |
| Contractors | 2,400 | 1,800 | 0 |
| Airlines | 0 | 0 | 100,000 |
| Others | 17,700 | 19,500 | 5,500 |
| Total | 88,300 | 120,000 | 120,000 |
| II. Present monthly usage: | | | |
| PAMI[1] | 45,800 | 6,500 | 14,500 |
| Government | 5,400 | 73,200 | 0 |
| Contractors | 1,800 | 1,300 | 0 |
| Airlines | 0 | 0 | 100,000 |
| Others | 13,200 | 9,000 | 5,500 |
| Total | 66,200 | 90,000 | 120,000 |

[1] PAMI acts as distributor of Government vehicle and boat needs, therefore, this figure includes both public and private vehicular and boat consumption.

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TRUST TERRITORY OF THE PACIFIC ISLANDS,
OFFICE OF THE DISTRICT ADMINISTRATOR'S REPRESENTATIVE,
*Kusaie, E.C.I., December 4, 1973.*

MEMORANDUM

To: All department heads, Kusaie Municipal Council, manager, Micronesian Construction Co.
From: District Administrator's Representative, Kusaie.
Subject: Fuel rationing for all departments.

Effective Wednesday, December 5, 1973, the following rationing schedule will be in effect. Only authorized allowances will be issued. When your vehicle has used up the ration, that vehicle will remain parked until the next week's ration is issued. This makes the department head responsible for wise utilization of vehicles. There will be no exceptions.

Issue day will be on Monday only. Those departments who do not draw their ration each Monday will go without. No exceptions again.

Rationing is as follows:

Community Development—10 gallons per week. (This is due to that pickup carrying high school OJT trainees).

Land Commission—4 gallons per week.

Land Management:

1. Jeep for survey team--10 gallons per week.
2. Jeep for IMO and assistant—4 gallons per week.

Administration:

1. Blue pickup—4 gallons per week.
2. Brown pickup—6 gallons per week (to carry OJT trainees daily).

Supply pickup—4 gallons per week.

Agriculture station:

1. Pickup truck—10 gallons per week.
2. Jeep—10 gallons per week.

Water Gaging (USGS), 4 gallons per week.

CIP—Jeep—5 gallons per week.

Education:

Administration pickup—10 gallons per week.

H.S. Jeeps (2)—10 gallons per week each.

H.S. pickup—5 gallons per week (this is after the education supply of mogas is expended).

Hospital:

Public health services pickup—10 gallons per week.

Hospital pickup—10 gallons per week.

Ambulance—as needed.

Constabulary:

1. Patrol Jeep No. 1—15 gallons per week.
2. Patrol Jeep No. 2—10 gallons per week (there will be no more drums issued).

Muncipal Council truck—5 gallons per week.

Public works—O. & M.:

1. Red pickup for PWO—5 gallons per week.
2. Green pickup (crews) 10 gallons per week.
3. Yellow pickup—5 gallons per week.

Utilities:

1. Blue pickup (supervisor) 5 gallons per week.
2. Blue and white pickup (line crew) 5 gallons per week.
3. Orange Jeep—5 gallons per week.

MCC:

1. Brown pickup (supervisors) 5 gallons per week.
2. Green pickup (crews) 10 gallons per week.

Gasoline-operated dump trucks—0 gallons per week.

Diesel-operated equipment as needed. When fuel runs short, enough diesel fuel will be reserved for power generators and all equipment deadlined. We hope this will not become necessary but if incoming ships do not bunker diesel fuel for us, we have no choice but to shut down projects and maintenance work.

All department heads will submit immediately the license and property tag numbers of their vehicles. There will be no crossover of rations from vehicle to vehicle.

Those supervisors who do not abide by these rationing values and procedures will receive first, a letter of reprimand; and second, disciplinary action.

We face a fuel crisis and everyone's cooperation is necessary in facing this very serious situation. I thank you for your support in advance. There has been no indication of the length of this crisis so you can all recognize the seriousness of it.

Remember—issue on Monday only. No crossover of rations; when you're out of mogas, you're out of wheels.

MARVIN J. KREBS.

Mr. VEYSEY. You omitted the headquarters district in your comment about the reduction. What happened there?

Mr. JOHNSTON. Well, it has been a little more difficult there because we have more motor vehicles and a larger powerplant. We have not effected quite the economics there that we have in the other districts. We have tried. We are keeping below, well below, the levels of consumption that we had, but not to the same extent as the other districts have been able to achieve.

In fact, at one point, we did have a rationing program for gasoline on Saipan only.

### FUEL REQUIREMENTS FOR TRANSPORTATION

Mrs. **Hansen**. The problem is you can't reduce your boat runs because they take food out to the other islands and transport people who are sick and need immediate health care.

Mr. **Johnston**. That is right.

Mrs. **Hansen**. It would be easier to cut gas consumption in Los Angeles.

Mr. **Veysey**. Madam Chairman, watch it there. It is not so easy.

Mrs. **Hansen**. I happen to have grown up in a community that was served by boat and you didn't go anyplace except by boat.

Mr. **Veysey**. I suppose that the same principles that would apply to carpooling or whatever else apply to boatpooling. We must examine whether the trip is very necessary.

Mrs. **Hansen**. I don't think they make very many unnecessary trips in the Trust Territory because the ocean isn't just exactly easy to travel on.

Isn't that correct, Mr. Johnston?

Mr. **Johnston**. That is correct, and it would be virtually impossibel, anyway, for students to, say, commute 300 miles each day by water. They wouldn't quite make it.

Mrs. **Hansen**. They would never make it.

### MILITARY PLANS FOR TINIAN

Mr. **Evans**. Madam Chairman, while we are talking about a broad overview, if I could ask a question that relates to Tinian. I am advised that the Department of Defense is interested in expanding the military facilities on Tinian.

Can you address yourself to this?

Mr. **Carpenter**. Yes, and Captain Scott will probably want to add to it. At the moment, the Defense Department does not have any facilities on Tinian. There are plans for a base on Tinian. This is part of the negotiations with the Marianas group. Captain Scott can go into more detail on that.

Captain **Scott**. We are negotiating with them now for the northern two-thirds of Tinian, about 18,500 acres, and that part would include a joint base, primarily an airstrip, a military community, and also a maneuver area. The southern one-third would be in the public domain and would be populated by Marianas citizens. They could farm or pursue whatever, activities might be associated with civilian sector.

Mr. **Evans**. This is in current negotiations?

Captain **Scott**. This is still in the negotiating stage, we have not reached agreement on the amount of land to be purchased or leased, depending on whose side you are on. But we hope to get some agreement on this by May of this year.

Mr. **Evans**. How big a population?

Mr. **Johnston**. About 800.

Mr. **Setik**. Discussing the transportation, that is our main concern.

### TRANSPORTATION PROBLEMS

Mrs. **Hansen.** I understand.

Mr. **Setik.** Just before I left Truk, for example, on March 27 we received a communication that one lady passed away. She was pregnant and both mother and baby died because there was no transportation, so transportation is one of our big problems.

And on March 23 when I left Ponape I received a cable that another case was happening, too. They could not evacuate those cases because of lack of transportation. Of course in many cases it would depend on the assistance from the military in Guam by providing amphibious planes to go there and pick up the patient. In Kusaie, if I am correct, in June 1973 the plane crashed so they lost the lives of the crew as well as the rest of the patients.

Is that correct, Mr. Johnston?

Mr. **Oyler.** We lost three lives in a plane crash, the patient, her escort husband, and one of the crewmembers.

Mrs. **Hansen.** The committee is well aware of your difficulty, Congressman Setik.

### HEW-INTERIOR TASK FORCE STUDY

You recently completed a joint HEW-Interior study of programs in Micronesia. What are the results of that study and how are they being implemented, Mr. Johnston?

Mr. **Johnston.** The Congress of Micronesia shortly before it adjourned on March 4, the members from the Congress on that committee submitted a report to the Congress. We have had the report under study and are in the process of implementing the various recommendations, particularly in the areas of health and education.

The committee had representatives of the executive branch and the legislative branch of the Trust Territory Government as well as the Department of Health, Education, and Welfare and the Department of the Interior, and the report is very definitely being used as a guideline.

It took several months for the report to be cleared through all of the channels and the programs have not actually been implemented yet but they are in the process of being implemented very definitely.

### BUDGET DEVELOPMENT FOR FISCAL YEAR 1975

Mrs. **Hansen.** Please briefly explain for the committee the review process, at the various levels, that your 1975 budget went through.

Mr. **Johnston.** Yes, ma'am. First of all, the budget originates in the districts. Our program and budget officer sends the guidelines to the districts and each district sends a delegation to headquarters to present its priorities.

This material is then assembled and placed in the form of a tentative budget which is presented to the Joint Committee on Program and Budget Planning of the Congress of Micronesia headed by Chairman Setik who is with us here today. They give us their input and at about this same time—the two are simultaneous or maybe the Federal program takes over before they even finish their review.

We have a very tight time schedule. And we then enter the Federal budgeting process where our budget is submitted to the Interior Department, through the Interior Department to the Office of Management and Budget, submitted by the President to the Congress of he United States, and leads up to these hearings.

I might say, Madam Chairman, basically the same type hearings are held by the Congress of Micronesia as are held by the Congress of the United States, so by the time our budget reaches its final stage it has been through two complete sets of congressional hearings.

### STATUS OF 1974 SUPPLEMENTAL PROJECTS

Mrs. HANSEN. Please review the status of the various items provided by Congress in the 1974 supplemental appropriation bill.

I will go through the projects one-by-one.

The secondary schools (Marshalls and Truk), $1,120,000?

Mr. JOHNSTON. That I believe has not yet been obligated but is scheduled to be obligated before the end——

Mrs. HANSEN. Why haven't the funds been obligated?

Mr. JOHNSTON. There are various reasons in various areas.

Mrs. HANSEN. Such as?

Mr. JOHNSTON. Lack of land certification, lack of final design after the money was received. This you know has long been a problem.

Mrs. HANSEN. I know.

Mr. JOHNSTON. But I can only assure you, Madam Chairman, that that——

Mrs. HANSEN. When you request an appropriation you should be ready to proceed with that project.

Mr. JOHNSTON. I believe we have the latest report on them here.

Mrs. HANSEN. When do you expect to obligate the funds?

Mr. JOHNSTON. Probably in May, in the fourth quarter of fiscal year 1974.

Mrs. HANSEN. When will the project get underway?

Mr. JOHNSTON. They will get underway very shortly after the amounts are obligated. Our first priority was to make sure we obligated the larger amounts.

### PONAPE HOSPITAL

Mrs. HANSEN. The Ponape Referral Hospital, $4.5 million?

Mr. JOHNSTON. That is scheduled to go out for bids. The prebid conference is being held today or tomorrow, sometime in early April, and the bids are coming in in late April and should be awarded in early May.

### YAP HOSPITAL

Mrs. HANSEN. The Yap Hospital, $150,000?

Mr. JOHNSTON. That has either been obligated or will be obligated in the next week or so. The committee has been appointed. We appoint a committee to review proposals from architectural and engineering firms. That committee has been appointed and a number of architectural and engineering firms have indicated an interest and that is actively in the process of being obligated.

### KUSAIE AIRPORT

Mrs. **Hansen**. Your Transportation and communications facilities, $500,000.

Mr. **Johnston**. That is planning for the Kusaie Airport and what is the status of obligating that?

Mr. **Oyler**. A scope of work has been prepared on that project and I am not sure whether the selection board has met to evaluate the proposals received. It will be definitely obligated this fiscal year.

Mrs. **Hansen**. The Bikini rehabilitation program, $330,000?

Mr. **Johnston**. That will be obligated during the fourth quarter.

Mrs. **Hansen**. Your power facilities on Yap, $300,000?

Mr. **Johnston**. That will be obligated in May.

Mrs. **Hansen**. Your Constitutional convention, $450,000?

Mr. **Johnston**. That was probably obligated yesterday. My instructions were that it would be obligated the same day that the bill was signed and the bill has now been signed into law.

### PUBLIC LAND SURVEY PROGRAM

Mrs. **Hansen**. The land survey program, $800,000?

Mr. **Johnston**. That became available to us April 1, 2 days ago in Micronesia, and it will be obligated through contract during the fourth quarter.

Mrs. **Hansen**. Why does it take so long, Mr. Wiles?

Mr. **Wiles**. That was in reserve for a time while the Office of Management and Budget was reviewing their plans for how they were going to go about this work. Since then it has been released by the Office of Management and Budget to be available on April 1.

Mrs. **Hansen**. Education for self government, $100,000?

Mr. **Johnston**. That has been obligated and is in the process of being spent.

### MARIANAS SCHOOL BUSES

Mrs. **Hansen**. Your school buses, $160,000?

Mr. **Johnston**. How about the school buses? Have they been purchased now?

Mrs. **Hansen**. You testified that this item was critical because those school buses had the safety of children involved.

Mr. **Johnston**. Madam Chairman, as though we needed additional problems, this is one additional one we have.

In 1969 the U.S. State Department negotiated an agreement with the Government of Japan for the payment of ex gratia payments for the Micronesia people for war damages. The Japanese contribution was to be in goods and services and there is a rather complicated system of translating these goods and services into U.S. dollars to pay the claimants.

It was absolutely necessary to place these buses on the list of goods to be purchased from Japan. Somewhere along the line we got from the Government of Japan their insistence that a list be submitted in advance and the list is now pending with the Government of Japan and our Embassy in Tokyo is pushing them to approve it at the earliest possible date.

The very day that that is approved we will order the school buses. The buses are then paid for by yen. There is 1.8 billion yen or something of that nature; 1.8 billion yen are made available in a bank in Tokyo. They buy the buses with the yen and then we take the $160,000 and put it in the war claims fund for the payment of claimants.

Mr. EVANS. May I inquire, Madam Chairman, when the list was submitted to Japan?

Mr. JOHNSTON. The list has been submitted and sent back and submitted and sent back, partial list submitted to see whether we were on the right track and so on. This process has been going on for almost a year. The Japanese money only became available in March of last year, only actually became available.

Mr. EVANS. Maybe I am just not sufficiently aware or familiar with your problems, but you have a certain number of buses you know you have to have. You know what kind of buses you need. I don't see what would be so difficult in putting together a list in a few days and transmitting it immediately. It could be easily understood by the Japanese and the values agreed upon.

What is the problem?

Mr. JOHNSTON. One of the problems is that the Japanese Government insists somewhere in the communications between the two governments—may we go off the record on this, Madam Chairman.

Mrs. HANSEN. Yes.

[Discussion off the record.]

Mrs. HANSEN. The Airai Bridge, $1.7 million?

Mr. JOHNSTON. That has been obligated, absolutely.

### ADEQUACY OF 1975 BUDGET REQUEST FOR SUPPLEMENTAL PROJECTS

Mrs. HANSEN. Are funds requested in your 1975 budget adequate to continue these projects in 1975?

Mr. JOHNSTON. The specific projects?

Mrs. HANSEN. Yes.

Mr. JOHNSTON. We have requested, as you know, a supplemental amount for the Ponape Referral Hospital. I don't believe that was one of those projects, though.

Mrs. HANSEN. Yes; $4.5 million.

Mr. JOHNSTON. Oh, yes. We did request an additional supplemental for the Ponape Hospital and other than that the amounts in the 1975—Mr. Oyler advises me that there is one possible problem.

The $850,000 for the secondary facilities in the Marshall Islands at Jaluit High School may not be sufficient but we have no positive information on that yet.

Otherwise the funds requested would be sufficient.

Mrs. HANSEN. When will you know if they will be sufficient?

Mr. OYLER. We are asking in the 1975 budget $749,000 to continue this Jaluit High School, Madam Chairman, and indications are that the cost rises are going to continue on that one and this is the one project in that area that we just are not able to assure the committee that the 1975 budget will take care of it.

Now, I think we will know a little bit more when we are able to award a contract for this money for the Jaluit High School and we will see what facilities we are able to get under contract this year and then know a little bit more about what remains to be done next year.

### AUTHORIZATION CEILING

Mrs. Hansen. In your regular operating and construction program, you are requesting $60 million which is the authorization ceiling. Do you believe that this will adequately provide for your needs in fiscal year 1975 in light of the rapidly increasing costs, particularly fuel and construction costs, which you have experienced in recent months?

Mr. Johnston. No, Madam Chairman.

As Mr. Carpenter indicated earlier, the Interior Department has approved a request for a ceiling authorization increase to a total of $75 million. You will notice in our submission in order to get within the $60 million present ceiling we have had to cut almost every program in the trust territory.

There are no new programs or increases. Almost every program has decreased. The amount of $60 million, as Representative Setik said, will purchase only somewhere around $40 million worth at present cost levels, so that we do definitely need additional funding.

### UNOBLIGATED BALANCES

Mrs. Hansen. You show an unobligated balance at the end of fiscal year 1973 of $14,463,366.

Please place in the record, project by project, a list of unobligated balances as of February 28, 1974, and the expected unobligated balances at the end of the fiscal year.

Also indicate when the funds were appropriated.

Mr. Oyler. All right, Madam Chairman.

[The information follows:]

### Trust Territory of the Pacific Islands

Our unobligated balance at the end of fiscal year 1973 of $14,463,366 consisted of $38,525 for the High Commissioner's Office, $2,370 for the judiciary, $1,440,561 for grants, operations, and $12,981,910 for grants, capital improvements. We have complete data on obligations through February 28, 1974, and at that time the carryover for the High Commissioner's Office, the judiciary, and grants, operations had been fully obligated. (Of the grants, operations carryover, $720,000 was approved for reprograming to capital improvements to support the fiscal year 1974 civic action teams program, and that amount has been fully obligated.) Of the $12,981.910 unobligated as of June 30, 1973, the amount of $4,446,908 remained unobligated as of February 28, 1974. The requested data on the $4,446,908 follow:

## STATUS OF CAPITAL IMPROVEMENT PROGRAM FY 1973 CARRYOVER FUNDS
(in dollars)

| PROJECTS | Fiscal Year(s) Funded | Unobligated Balances 2/28/74 | Forecast Unobligated Balances 6/30/74 |
|---|---|---|---|
| A&E and Planning (Revolving Fund) | | | |
| Various A&E and Planning Projects | 70, 71, 73 | 451,210 | 199,000 |
| Public Affairs Facilities | | | |
| Various Public Affairs Projects | Various | 5,652 | -0- |
| Legal Affairs Facilities | | | |
| Various Legal Affairs Projects | 70- 71 | 118,259 | 43,000 |
| Education Facilities | | | |
| Community College of Micronesia | 72 | 63,682 | 38,000 |
| Various Multi-purpose projects | Various | 8,329 | -0- |
| Truk Elementary Schools | 72-73 | 345,859 | 110,000 |
| Various Elementary School Projects | 72-73 | 46,088 | 45,000 |
| Outer Island (Ulithi) High School | 73 | 175,711 | 56,000 |
| Dublon (Truk) High School | 72-73 | 75,098 | 10,000 |
| Satawan (Truk) High School | 73 | 196,060 | 76,000 |
| Faichuk (Truk) High School | 71-73 | 126,313 | 30,000 |
| Various Secondary School Projects | 71-73 | 134,587 | 130,000 |
| TOTAL EDUCATION FACILITIES | | 1,171,727 | 495,000 |
| Health Facilities | | | |
| Various Hospital & Dispensary Projects | 71-73 | 51,624 | 17,000 |
| Transportation & Communications Facilities | | | |
| Isley Airfield Rehabilitation | 73 | 829,497 | 140,000 |
| Yap Airfield Rehabilitation | 73 | 165,697 | 16,000 |
| Truk Airfield A&E | 73 | 161,461 | 161,000 |
| Various Airfield Projects | 72-73 | 23,519 | 18,000 |

## STATUS OF CAPITAL IMPROVEMENT PROGRAM FY 1973 CARRYOVER FUNDS
(in dollars)

| PROJECTS | Fiscal Year(s) Funded | Unobligated Balances 2/28/74 | Forecast Unobligated Balances 6/30/74 |
|---|---|---|---|
| Yap Road Project | 71-72 | 294,854 | 167,000 |
| Southern Pou Bay (Truk) Road | 71-72 | 188,200 | 88,000 |
| Various Road Projects | 71-73 | 73,572 | 40,000 |
| Kusaie Dock and Harbor | 72 | 198,157 | 90,000 |
| Various Port Facilities | 72-73 | 38,995 | 10,000 |
| TOTAL TRANSPORTATION & COMMUNICATIONS | | 1,973,952 | 730,000 |
| Resources and Development Facilities | | | |
| Majuro Reefer Plant | 71 | 174,636 | 10,000 |
| Various R&D Projects | 72 | 33,449 | 10,000 |
| TOTAL RESOURCES & DEVELOPMENT | | 208,085 | 20,000 |
| Various Water, Sewer and Power Projects | 72-73 | 425,945 | 371,000 |
| Various Maintenance and Rehabilitation Projects | 73 | 40,454 | 5,000 |
| TOTAL | | 4,446,908 | 1,880,000 |

The forecast unobligated balance for June 30, 1974, of $1,880,000 includes $199,000 in the A. & E. revolving fund (as projects are authorized and funded the cost of design where originally paid from the A. & E. revolving fund is returned to that fund for reuse), and $161,000 for the A. & E. to realine, lengthen, and surface the Truk Airfield. The latter funds will be used as soon as FAA matching funds become available. The remaining balance of $1,520,000 is needed to support continuing force account projects, contingencies for contract change orders, and prevalidations to districts which have not been converted into materials and supplies or collateral equipment purchase orders, or into local contracts.

In addition to the capital improvements funds of $12,981,910 carried forward from fiscal year 1973 and covered in the above chart, funds for capital improvements in the amount of $8,760,000 were provided in the fiscal year 1974 first supplemental appropriation. We anticipate an unobligated balance of $320,000 from those funds for June 30, 1974 (primarily for contract contingencies). That will bring our total forecast capital improvement unobligated balance for June 30, 1974 to $2,200,000.

Mr. OYLER. The $14 million was our unobligated balance at the end of fiscal 1973 and we are making good progress already this year in obligating that. I discussed with you in the supplemental hearing last week that we expect by the end of this fiscal year we will be down to about $2.2 million in the capital improvement program, unobligated.

Mrs. HANSEN. You are showing no unobligated balance for the end of fiscal year 1975.

In light of your previous difficulties in obligating all funds by the end of the fiscal year, is this a realistic estimate?

Mr. OYLER. We think so. We are asking a little over $9 million in new capital money in 1975. We will not, we feel sure, be plagued by the carryover at the end of this fiscal year so that will be a very minimum program in 1975.

I think we can obligate that easily.

Mr. JOHNSTON. I think we have at long last made every member of our staff aware that we do place a very high priority on getting funds obligated.

Mrs. HANSEN. If they don't believe it just let them read the hearing record.

### REDUCTION IN U.S. PERSONNEL

You are showing a decrease in personnel in your operations program, in both the civil service and U.S. contract categories. Will you please explain this?

Mr. JOHNSTON. This is due to two factors, Madam Chairman.

One is the necessity to reduce personnel and reduce expenditures to keep our operations in line with rising costs. The other reason for this is that more and more expatriates are being replaced by Micronesians. We have eight major operating departments in the trust territory government.

As of the present moment four of these eight, 50 percent, including the Departments of Health Services and Education, are headed by Micronesian Directors, Micronesian Cabinet Members. Two others will be headed by Micronesians within the coming year and this same trend goes right on down the line through the divisions into the lower echelons as rapidly as possible without impairing services.

We are replacing qualified expatriates with equally qualified Micronesians.

The civil servants, of course, have been going down since March of 1971. We have brought in no new civil servants and I believe the projection for next year it will go down to about 153.

Mrs. **HANSEN**. Do you have a retirement program for your Micronesian employees?

Mr. **JOHNSTON**. We have our own social security system in no way connected with the U.S. social security system that does provide for that.

Mr. **EVANS**. Madam Chairman, may I inquire what the difference is between a Micronesian and an expatriate?

Mr. **JOHNSTON**. Micronesians are not American citizens. They have Micronesian citizenship. An expatriate is an American, maybe a Filipino, or an Australian, or a New Zealander, someone who is hired as a noncitizen of Micronesia.

Mr. **EVANS**. Thank you.

### OFFICE OF THE HIGH COMMISSIONER

Mrs. **HANSEN**. You are requesting an increase of $8,075 for the Office of the High Commissioner for a total program of $457,600. What does this involve?

Mr. **JOHNSTON**. These are in-step increases and I would say, Madam Chairman, that the way things are going at the present time that not one nickel of that will go for an increase in the High Commissioner's salary.

Mr. **YATES**. Are you bound by the same restrictions as we are, Members of Congress?

Mr. **JOHNSTON**. Yes, I am, sir.

We are creating one new position in the High Commission's office. I might say, Madam Chairman, that the one new position that we are creating in the High Commissioner's office is to hire an assistant to our special assistant for district affairs who will be a Micronesian and therefore will be trained to replace him in a reasonable amount of time.

### JUDICIARY

Mrs. **HANSEN**. An increase of $27,130 is requested for the judiciary for a total program of $429,500. Is this your normal in-step salary increases?

Mr. **JOHNSTON**. Yes, ma'am. That is purely a normal increase in salary costs.

Mrs. **HANSEN**. $15,030 is requested for: "Minor increases in all supporting costs." What does this entail?

Mr. **JOHNSTON**. That is for $4,000 for equipment, $3,800 for printing, $2,630 for supplies and materials, $2,100 for travel, and $2,500 for other services.

### COURT CASELOAD

Mrs. **HANSEN**. You show increases in pending cases at the end of the year in all categories but one. Will your 1975 request enable you to decrease this backlog?

Mr. **JOHNSTON**. Yes, ma'am, because on Thursday afternoon the Secretary of the Interior swore in a fourth justice for the high court. He is already on his way to Micronesia. Remember that our judges have to move around over this vast area so we do hope that one more high court justice will help decrease the backlog. We have actually been losing ground. Each month we dispose of fewer cases than the new ones that originate and we keep losing ground on the backlog.

### FEDERAL COMPTROLLER'S OFFICE

Mrs. **Hansen.** An increase of $225,000 is requested for the Federal Comptroller's Office. This is a new program. Does this provide for the Comptroller of Guam to audit the operations of the Trust Territory government?

Mr. **Johnston.** Yes, ma'am.

Would you care to comment?

Mr. **Carpenter.** As I mentioned yesterday, Madam Chairman, we did receive additional authority from Congress to expand the responsibilities of the Comptroller in Guam to cover the trust territory and we did receive a reprograming action for $75,000 this fiscal year. This would be a continuation of that program.

Mrs. **Hansen.** You say in the justifications:

> In fiscal year 1975 Federal auditors are expected to perform eight departmental audits, the annual fiscal audit reports, the annual report, and other special audits as required.

Does this cover all of your activities?

Mr. **Carpenter.** Yes, it would.

### HEALTH SERVICES

Mrs. **Hansen.** An increase of $216,600 is requested for "health services" for a total program of $7,774,700. Please explain your statement:

> The high priority of capital improvement projects makes it necessary to operate our health facilities with less staff and with tighter allowances for supplies, equipment and other support costs.

Mr. **Johnston.** In order to stay within our ceiling authorization to balance the $210,000 increase in salary increments and $441,800 for full year funding of the new salary schedules we have had to eliminate 2 United States and 26 Micronesian positions for a saving of $435,200 to get the net increase.

Mr. **Hansen.** Were these positions needed for the conduct of your health operations?

Mr. **Johnston.** Some of them undoubtedly were, but in order to keep capital improvements at a level where we could provide a reasonable amount of capital improvements we have just had to hold down our operations and in some cases this has meant eliminating positions that we really need.

Mrs. **Hansen.** It doesn't do much good to have a hospital or a clinic if you don't have people.

Isn't that true?

Mr. **Johnston.** There is a general agreement that we are making every effort possible to keep our operations near level. There is a certain minimum to which you can go and still operate. There is no question about that.

Mrs. **Hansen.** If you are going to continue your health operations at the current level you are not going to improve the health services.

Isn't that true?

Mr. JOHNSTON. That is correct. We will do the best we can with the amount of money available.

Mrs. HANSEN. Are you able to recruit doctors and nurses?

Mr. JOHNSTON. Yes; we have had no great problems with recruitment. There was some concern when we appointed our first Micronesian Director of Health Services, Dr. Kumangai, some concern as to whether the recruitment of American personnel would fall off and it has not. In fact we have had a smaller turnover of American doctors since he took over the department and our recruiting does not seem to be a problem.

### ENVIRONMENTAL HEALTH AND SANITATION

Mrs. HANSEN. You show increases for all activities except environmental health and sanitation. How did you arrive at these priorities? I thought sanitation was one of your major problems.

Mr. JOHNSTON. One of the savings there is that the entire staffing of this particular division will now be handled by Micronesians. We eliminate one U.S. contract position and two Micronesians and we reduce travel by $10,500, a sharp cut in equipment purchase of $11,400.

Mrs. HANSEN. You plan to reduce travel by $10,500. Where was this travel, to the outer island dispensaries?

Mr. JOHNSTON. Most of the travel of this particular division would be within the trust territory.

Mrs. HANSEN. But it was travel performed from island to island?

Mr. JOHNSTON. Right. The director of the program is currently away from the trust territory in a rather intensive course of study and that is a nonrecurring expense.

Mrs. HANSEN. How will this effect your sanitation program?

Mr. JOHNSTON. A great deal of the savings is in dropping the one U.S. contract position. I don't believe there will be any serious disruption of our efforts in the environmental and sanitation field.

Mrs. HANSEN. You didn't have too much to disrupt.

Mr. JOHNSTON. It is a relatively new program, but I read in the public press the other day that one of the States of the United States of America was having more problems with inspection of restaurant facilities than we are having so I felt a little bit encouraged.

### EDUCATION PROGRAM

Mrs. HANSEN. You are requesting an increase of $16,100 for education for a total of $12,855,000. This is again a net increase, with a reduction of $1,241,200 to operate schools with less staff and tighter allowances.

Do you want to explain this? What are you doing reducing the number of teachers?

Mr. JOHNSTON. We are taking some out of the overhead of the Department, but a great many teachers——

Mrs. HANSEN. What is overhead of the Department?

Mr. JOHNSTON. The Territorial Department of Education will be reduced some, but basically these will be teachers.

Mrs. HANSEN. What are these reductions? What type of people will this effect? Mr. Johnston, I have seen States in the United States that took this approach. They built buildings but they didn't have adequate schoolbooks and they didn't have adequate teachers. If you consider buildings as the singlemost important element of their school program your academics will suffer tremendously.

Mr. Johnston. We are well aware of those problems, Madam Chairman.

Mrs. Hansen. Awareness doesn't solve the problems.

Mr. Johnston. This is a continuing struggle within our Government which has no borrowing capacity and an absolutely fixed ceiling of expenditures, so that when we get pressures from the Congress of Micronesia to keep the level of expenditures for operations on an even keel so that we can appropriate at least some adequate amount for capital improvements then we just have to make reductions.

We don't necessarily concur in these reductions. We don't say that they lead to good government or to improving our educational system, but they become an economic necessity to provide capital improvements. They have to come from somewhere.

Mrs. Hansen. The minute you reduce your teaching staff you reduce the ability of youngsters to receive an education.

Mr. Johnston. That is right.

Mrs. Hansen. This committee has been working for 10 years to improve your education programs. It seems some people feel if you wanted a road built or you wanted a bridge built, and the easiest thing to sacrifice is the school system. This is what has happened in a great many areas and that is why the Federal Government has become more involved in the school programs of the United States.

The committee is well aware that you are operating against an authorization ceiling, but what disturbs the committee is that we made a determined effort to improve your school programs and we don't want to see that effort curtailed.

### TEACHER QUALIFICATIONS

Ten years ago I think the average teacher had about a fourth-grade level of education in Micronesia. Isn't this correct?

Mr. Johnston. That is correct and we now require all new members to have at least a high school education.

Mrs. Hansen. That is right.

Mr. Johnston. And the average has gone up somewhere between 11 and 12 years.

Mrs. Hansen. The committee has expressed the desire that you operate with enough teachers for the youngsters because when the classroom load is too heavy the students do not receive as good of an education.

Isn't this correct?

Mr. Johnston. That is correct. I think every educational authority agrees that the pupil-teacher ratio is very important, particularly——

### PUPIL-TEACHER RATIO

Mrs. Hansen. What is your pupil-teacher ratio? When you have the problems of language built in you have a double problem.

Mr. Oyler. I don't have the computation, Madam Chairman, but in our elementary system this school year we have in the public sector 27,727 students, and teachers totaling 1,455.

Mr. **Johnston**. That is about a 19-to-1 ratio.

Mr. **Oyler**. That is the elementary.

Mrs. **Hansen**. That is the average figure but in some of your small schools out on the islands you may have only 10 or 11 students per teacher, and in your larger schools you probably have a greater ratio?

Mr. **Oyler**. There is a variation very definitely, Madam Chairman.

### REDUCTION IN EDUCATION OPERATIONS

Mrs. **Hansen**. How much are you reducing your supplies? What are those supplies you are reducing? Are they books? Are they teaching materials?

Mr. **Johnston**. Hopefully we will not eliminate any school books but the other supplies that are normally provided for the school will just have to be cut.

Mrs. **Hansen**. That isn't a very encouraging statement.

Mr. **Veysey**. Madam Chairman, I am as mystified by this arrangement as you appear to be because on page 29 we see a reduction of $1,241,000 in operations in education, in the interest of capital improvement as we understand it, but turning over to page 91 in the capital improvement program under education facilities there is going to be a reduction there from a level of $4,810,000 to $1,467,000, a reduction of $3,300,000 in construction.

Now, the justification for this operating reduction is so that you can do construction, this doesn't seem to be borne out by the figures on page 91.

Can you explain that?

Mr. **Johnston**. We refer to the capital improvements program as a total program.

Mr. **Veysey**. What are you building then?

Mr. **Johnston**. Roads, bridge, sewers, power.

Mr. **Veysey**. The program seems to be down from $21.7 million in 1974 to $9.1 million in 1975 for a total capital improvement.

Am I reading this correctly?

Mr. **Johnston**. That is correct. Remember that we have this $60 million ceiling and if we reflect——

Mr. **Veysey**. Where is your money going? You are cutting the operations a little bit and you are cutting the capital improvements to less than half. Where is the excess going?

Mr. **Oyler**. To partially clarify the drop from $21 million to $9 million, the $21 million is composed not only of new money in 1974 but it includes carryover of almost $13 million from 1973 so that we are going to be roughly comparable in capital improvement programs in 1974 and 1975 out of new money.

You will see we have $8,760,000 in the first supplemental. We are asking for $750,000 in the second supplemental.

M. **Veysey**. Will there be a carryover to 1975?

Mr. **Oyler**. We anticipate that it will be only about $2.2 million carryover to 1975 in the capital improvement programs this year. We are not going to have the problem of a large carryover balance at the end of this year.

### REDUCTION IN STAFF

Mrs. HANSEN. You say: "A net decrease of 51 positions resulting in savings of $635,500 (drop 59 U.S., $684,500, add 8 Micronesians, $49,000)."

Were these U.S. teachers?

Mr. JOHNSTON. We are eliminating specialists in some cases.

Mrs. HANSEN. Such as?

Mr. JOHNSTON. In Palau elementary one teacher is being eliminated.

Mrs. HANSEN. What kind of a teacher?

Mr. JOHNSTON. A teacher, grade level 3. Then it is up to the district director of education to eliminate that position because in order to stay within our budget we have——

Mrs. HANSEN. I am just a little interested in what you are doing to your educational system to stay within your budget. Supposing you have *x* number of students and you have to absorb additional students. The classroom load will have to be expanded, in order to drop these teachers?

Mr. JOHNSTON. Yes, ma'am.

Mrs. HANSEN. This is just one example.

How much does that raise the classroom load at Palau? Was this teacher needed for some specific purpose? Your teachers are usually hired, if I understand your system correctly, to bring a good teaching experience to what was a very poor educational system 10 years ago. Now you plan to drop 59 U.S. teachers, are these 59 that were useless?

Mr. JOHNSTON. No; they very definitely are not, Madam Chairman.

### INSERVICE TEACHER TRAINING

Mrs. HANSEN. Don't they provide a certain amount of inservice training to your Micronesian teachers who are working with them?

Mr. JOHNSTON. They do. However, a great deal of the inservice training is provided by Peace Corps volunteers, particularly in the teaching of English as a second language. We still have and will have about, I believe, 130 or 140 Peace Corps volunteers throughout the districts who will serve as trainers for teachers, inservice training to the other teachers.

Mrs. HANSEN. Are these trained teachers?

Mr. JOHNSTON. Oh, yes; very definitely. They are recruited only if they are completely qualified to do that.

Mrs. HANSEN. Is that true in all cases?

Mr. JOHNSTON. I think so, Madam Chairman. We have had no glaring examples of otherwise. For the last 2 or 3 years the Peace Corps program has been very selective in its recruitment.

In Micronesia—I speak only for Micronesia; I don't know what it has been in other places—the dilemma that we have is given a ceiling of $60 million accompanied by considerable——

### EDUCATION PRIORITIES UNDER INCREASED CEILING

Mrs. HANSEN. If your ceiling is raised are you going to spend it all on capital improvements, or are you going to spend some of it on your educational system?

Mr. JOHNSTON. Some of it will be used to restore positions that we had to eliminate. None at all?

Mr. OYLER. Probably not. The pressure is going to continue to hold operations down.

Mr. JOHNSTON. I am thoroughly familiar with it, Mr. Oyler. It is a matter of how both the people who are negotiating the future status of Micronesia and the Congress of Micronesia are virtually insistent that a major capital improvements program continue.

Mrs. HANSEN. What I want to point out to you is that this committee has tried to improve your educational system. You still, in your eastern district, don't have enough schools for your youngsters. Isn't this correct?

Mr. JOHNSTON. That is correct.

Mrs. HANSEN. I know exactly what your pressures are to build more bridges, more ships, et cetera.

Mr. JOHNSTON. Harbors, roads, airports.

Mrs. HANSEN. I don't know whether you want to curtail the progress you have made in your educational system.

Mr. JOHNSTON. No, I don't, Madam Chairman.

Mrs. HANSEN. I am sure you don't. I don't think the Congress of Micronesia wants to curtail progress.

Mr. SETIK. No, Madam Chairman.

Mrs. HANSEN. I hope in complying with the authorization ceiling that this doesn't occur. Sixty million dollars doesn't go very far in capital improvements. The District of Columbia can spend that in a few months.

This is the problem that you are confronted with; there will never be a time when there are not desires for capital improvements.

Mr. JOHNSTON. That is right.

Mrs. HANSEN. The minute your school system declines, then your government is going to be far less strong because you have to have trained Micronesians to run the government of Micronesia.

Mr. JOHNSTON. That is correct and our achievement level runs 4 to 5 years behind the average level of other schools in the U.S. system.

Mrs. HANSEN. I think a formula should be developed that spells out in your new authorization ceiling that a specific amount should be spent on your educational program.

I hope the authorizing committee takes a look at where your cuts are being made.

Mr. JOHNSTON. I would hope so, Madam Chairman.

Mrs. HANSEN. Because there is a level below which you cannot fall educationwise and healthwise or you are going to sacrifice the goals that the people of Micronesia have established.

Mr. JOHNSTON. Actually the next step—may God prevent it—would be actually closing some educational facilities if we are still under this absolute pressure to keep operations down to build capital improvements.

There are only $x$ numbers of dollars.

Mrs. HANSEN. Then I hope the authorizing committee just sets aside some minimum educational provision and health provision.

## BUDGET PRIORITIES

Mr. VEYSEY. Let me see if I understand what you have just said. Are you saying that these pressures for capital construction aspect, and I know that you need additional facilities, come from the people out there in the islands and they would rather see facilities constructed even if this caused the school system to be eroded substantially? Is that the choice that they would make?

Mr. JOHNSTON. Ray, you could comment on that; hopefully not eroded, but you talk about how you train the people in the school system so that they will be better government administrators and better able to build a private economy and so on. How succesful will they be if they have no running water and no electricity?

Mrs. HANSEN. I couldn't agree with you more but you should have a ceiling realistic enough to accommodate both.

Mr. JOHNSTON. I am wholeheartedly in agreement with that.

Mr. VEYSEY. You haven't answered my question. The people there have the choice as to which way to go. Assuming they are under any kind of a ceiling then this is the choice you have. Are they going to say, "We are going to build facilities and deteriorate the quality of the school system," for example? Are you going to put $1.4 million in new schools and lessen the number of teachers and maybe do without textbooks? These are some of the things that you indicated could happen?

Is that the choice they would make?

Mr. JOHNSTON. I believe it would be, with the current directive that we have from the Congress of Micronesia, despite inflation, to try and keep operations at a constant level of spending over the next few fiscal years so that a maximum amount can be put aside for——

Mr. VEYSEY. Yes, but you are reducing operations in education.

Mr. JOHNSTON. You have to.

Mr. VEYSEY. Wait. That isn't what you said a minute ago. You said their directive was to keep it at a constant level.

Mr. JOHNSTON. To keep the expenditure at a constant level. And to keep the expenditure at a constant level perhaps some of the services have to decrease.

Mr. VEYSEY. But you are reducing the amount going into current expenses of education. That is not keeping it constant.

Mr. JOHNSTON. We are actually seeking a total increase of $16,100.

Mr. VEYSEY. In what item?

Mr. JOHNSTON. To cover an increase of $483,800—this is on page 29 again—for our normal salary increments, for 192 United States and 2,009 Micronesian positions, and then full-year funding of our new salary schedules, and then to offset that or almost offset it you eliminate some positions to cover those costs because otherwise you would have to add, say a million and a half instead of adding $16,000.

Mr. VEYSEY. The priority would be to take that reduction in staff and to continue the building?

Mr. JOHNSTON. Yes. As you know, Madam Chairman, we are so far behind in capital improvements. For so many years nothing at all was done that——

### AUTHORIZATION CEILING

Mrs. HANSEN. The committee understands your problem but the committee also would like you to request a ceiling that would reflect your ability to maintain these services. There are two services that you can't destroy and that is your education and your health.

Mr. JOHNSTON. Right.

Mrs. HANSEN. Because as you are dealing with a growing tourist industry and economy, you are going to have to have educated people to deal with them. I am sure. I just would like to see your ceiling, reflect the true costs. I think the Congress of Micronesia recognizes that if it is necessary to have a $10 million increase in the ceiling it should be reflected.

A building by itself isn't a lot of use. If it is a hospital and you don't have doctors or nurses you might just as well not have it. This is the problem the Indian people have had in the United States.

You have succeeded in cutting the ratio of deaths and you have been able to cut the TB cases. If you don't continue to focus attention on these problems then you will find yourselves right back where you started.

The committee will adjourn until 1:15 p.m.

### AFTERNOON SESSION

### EDUCATION PRIORITIES

Mrs. HANSEN. The committee will come to order.

Please explain your rationale for the allocation of funds for your various activities.

Mr. JOHNSTON. I think the significant thing, Madam Chairman, is that the secondary program is cut and the Community College of Micronesia and the Maritime Center are cut slightly. The elementary program is actually increased.

Of all the programs that we have, the elementary is the most important to give the proper start so that the decreases have been made in the programs above the elementary level.

As we mentioned before, a major improvement in teaching capability is being made by restricting new teacher employment to at least high school graduates. We also have made progress in developing curriculum so we have five grades of science and five grades of mathematics in the new curriculum.

The reduction in the secondary, as we were discussing, is mainly in eliminating 34 U.S. positions and creating only 21 Micronesian positions, which is a net decrease of 13 positions.

### ATTENDANCE AT HEARING BY YAPESE STUDENT

I might say, Madam Chairman, that for this portion of our hearings we have been joined by one of our students from Satawal in the Yap district who is a senior in high school in North Haven, Conn., and is sitting with us.

The people of that island are the greatest seafaring people of any in the world. They have several times sailed from their small island to Saipan in a small canoe and are excellent sailors.

### EDUCATION ADMINISTRATION INCREASE

Mrs. HANSEN. It is very nice to have a student with us this afternoon. Why did you increase education administration by $147,000?

Mr. OYLER. Madam Chairman, the headquarters within that shows a decrease. The districts have increased the Micronesian positions. That largely relates to a shift in funding from people from elementary to administration, people who were misclassified before, who were handling elementary and secondary duties. So it is not a program change. It is a financial shift in that instance.

### PUBLIC AFFAIRS

Mrs. HANSEN. You are requesting a reduction of $662,700 for public affairs for a total program of $1,969,600.

Please explain what this involves.

Mr. JOHNSTON. These decreases, Madam Chairman, $207,000 is a reduction in United States-Micronesian positions and tighter allowances for supplies, travel, equipment and so on. But two basic decreases are that prior to fiscal 1975 the U.S. Government has always provided $125,000 of the cost of operating the Congress of Micronesia. The Congress has agreed voluntarily to pick up that cost along with the cost of elections to positions in the Congress. That takes out $135,000.

The Micronesian Constitutional Convention is now funded entirely and will not be a recurring item.

### RESOURCES AND DEVELOPMENT

Mrs. HANSEN. You are requesting an increase of $2,240,000 for resources and development for a total program of $7,764,500.

What does this entail?

Mr. JOHNSTON. This increase is almost entirely in the full implementation of the accelerated lands and surveys program on public lands which will enable us to return the public lands to the districts in a policy which was announced last November. You recall there was $800,000 in our first supplemental in fiscal year 1974 to start this program, and this is the increment for fiscal year 1975 to keep the program going.

That accounts for almost the entire increase. The balance of the increase would be directly attributable to normal increases of salary costs.

Mrs. HANSEN. You are requesting a decrease of $247,500 for four United States and five Micronesia positions. What kind of positions are these that you are reducing?

Mr. JOHNSTON. These are positions that are being eliminated. One of them is in the Office of the Director, since the Director of this large and sprawling department has now been replaced by a Micronesian. The others are in the Departments of Agriculture, Economic Development, and Marine Resources and also in the Labor Division where the one U.S. Civil Service will be replaced by a Micronesian.

Mrs. HANSEN. What kind of position are you reducing in marine resources? Was he an expert in some field?

Mr. JOHNSTON. Just one clerk-typist at a cost of about $5,000 a year.

### PUBLIC LAND SURVEY PROGRAM

Mrs. HANSEN. Your lands and surveys program for which an increase of $2.261.000 is requested, is a major program increase this year. Will you give us the details?

Mr. JOHNSTON. This program began in January 1970, and by July 1973, we had surveyed boundaries of 3.886 parcels of land, a preliminary title inquiry affecting 5.517 parcels have been held. Formal hearings leading to final determination of 4.063 parcels, and provisional title issue for 2.630 tracts, and 31.881 land records have been microfilmed under a program to have much more permanent recording.

The Office of Territorial Affairs and the Office of Micronesian Status Negotiations near the end of calendar year 1973, determined that the people in the districts very definitely wanted public lands turned over to the control of the districts before the termination of the trusteeship agreement. A policy statement was made by the U.S. Government in November 1973, charging the High Commissioner's Office with the duty of implementing this policy of return of public lands to the District.

We started this, as I said, with $800,000 in fiscal 1974, and the amount requested for fiscal year 1975 is mainly for contracting survey work by means of aerial photography and photogrametric techniques along with the traditional ground surveys. It costs a little more to make the ground surveys in Micronesia than some other areas because in order to go through with your actual surveying work with your siting and transit you have to clear out the underbrush of some kind to get it down.

Mr. Carpenter and I discussed with some of the experts in Honolulu the tremendous cost of some of these surveys, but there is just no other way around it. The land has to be cleared before it can be properly surveyed. It is an expensive process but we are increasing the contractual services by the amount of $2,261,200.

### AVAILABILITY OF SURVEYING CONTRACTORS

Mrs. HANSEN. With whom do you make your contractual arrangements?

Mr. JOHNSTON. There are surveying companies in Guam, one of which is incorporated in Micronesia which has a contract for surveying homestead sites in the Marianas district.

There are a number of companies both in Hawaii and on the west coast who are interested in this project, and there will be competitive proposals very definitely.

Mrs. HANSEN. What are the expected future year costs of this program?

Mr. JOHNSTON. The total would be $6 million and that would leave roughly $2.200,000 to go at the end of this year.

### PROTECTION TO PERSONS AND PROPERTY

Mrs. HANSEN. Justify your requested increase of $241,600 for protection of persons and property.

Mr. JOHNSTON. Again this increase is almost entirely due to normal salary increments and increase in salary costs. It is offset by some minor

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### FUEL AVAILABILITY AND COST

Mr. McKay. Are all your powerplants out there petroleum-generated?

Mr. Johnston. Yes; they are all petroleum-generated and we use only the slow speed generators rather than the high speed generators. They are easier to maintain and seem to operate better in our climatic conditions.

Mr. McKay. What is the price of fuel or the accessibility for power generation?

Mr. Johnston. Diesel fuel now is 39.3 cents per gallon.

Mr. McKay. What is that up over last year?

Mr. Johnston. It is up from 14.6 cents. And this increase has been in about 8 or 10 increment over a period of only 13 months. That is between December of 1972 and January of 1974.

Mr. McKay. Has it been available at that price?

Mr. Johnston. We do have it available; yes.

Mr. McKay. There is plenty available if you get the price.

Mr. Johnston. Right. Our biggest problem is paying for it rather than getting it.

Mr. McKay. Where do you get it?

Mr. Johnston. We have one supplier. Mobil Oil has an exclusive franchise in the trust territory. The products are refined either in the Philippines or Singapore and come into the trust territory usually from the Philippines.

### MOBIL OIL FRANCHISE TERMS

Mrs. Hansen. Is the contract with your supplier by competitive bidding or negotiations?

Mr. Johnston. This was a very unusual contract, Madam Chairman, that was negotiated some years ago and we just reached a stage of the contract where unless we notified the Mobil Co. before December of 1973 the contract would automatically renew itself for 5 years in 1975.

We, at that point, wrote to all major oil companies operating in our area and asked for competitive proposals or statements of interest. We had one other statement of interest but when we asked them to submit their specific proposal they said perhaps they weren't interested in it and we therefore notified, with the approval of the Interior Department, Mobil that their contract would continue and thereby be extended.

Now, any other oil company could come into Micronesia if they got a business permit and open service stations and so on, but the goverment agrees to purchase all of its supplies from Mobil and in return for that the Congress of Micronesia gets substantial revenues to appropriate.

I would say that we have been satisfied with their service, and although the Governor of Guam and I have engaged in a great deal of negotiation with the two oil companies that operate in our total area, we are now receiving adequate allotments, that we are not in a crisis stage.

Mr. McKay. What was the other one you said operates besides Mobil out there?

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Mr. JOHNSTON. Exxon operates in Guam, but not in the Trust Territory.

### INDONESIAN OIL DEVELOPMENTS

Mr. McKAY. Are there any oil developments in Indonesia that are getting developed enough to be interested?

Mr. JOHNSTON. We have been exploring that just in the last month or 2. I believe the Congress of Micronesia is checking that out, aren't they, Ray? A group of people from the Congress are over somewhere in that area now and we are going to check into it.

### PONAPE WATER PROJECT

Mrs. HANSEN. $80,000 is requested for Ponape water project. A new water system is already under construction. This has been funded by prior years' appropriations and this request is going to be used to provide laterals of the main lines.

Mr. JOHNSTON. Yes, ma'am.

Mrs. HANSEN. What has been the total cost of this project? Insert the information in the record?

Mr. JOHNSTON. We will.

[The information follows:]

The total cost to date of the Ponape water project has been $2,500,000.

### TRUK WATER PROJECT

Mrs. HANSEN. $665,000 is requested for the Truk water project. What is going to be the total cost of this project before you are through?

Mr. OYLER. Just over $5 million.

### AVAILABILITY OF WELL WATER

Mr. McKAY. Do you have problems getting good well water or do you get seepage from salt?

Mr. JOHNSTON. In some areas we do have problems. In other areas we don't have it. There is a tendency in what we call high islands throughout Micronesia and Polynesia to have rather clear fresh water floating on the saltwater that seeps under the islands and there is uncontaminated water that can be tapped.

In some of our islands we have had very good success with it. In other islands we have tapped what they call brackish water that hasn't been satisfactory. Most of our islands, although not the Island of Saipan, unfortunately, wisely designed systems some years ago where the brackish water or saltwater can be used for flushing toilet facilities and so on, washing automobiles and things, and leave your clear pure water for drinking and cooking purposes, and they have separate lines going into both commercial and dwelling facilities.

Mr. McKAY. How deep do you have to go for your water?

Mr. JOHNSTON. It varies. I couldn't answer that question without looking it up. Do you know? Does anyone know?

### MAJURO WATER CATCHMENT PROJECT

Mr. McKAY. What did they do for water before they drilled? Rain?

Mr. JOHNSTON. Well, in the Marshalls, for example, in the islands which are flat atolls there is no chance of drilling wells there so we have to use catchments, and an example is the new Majuro International Airport which provides water catchment facilities and by providing the facilities right at this one airport site we increased their collection and storage facilities from a half-million gallons to 8 million gallons, 16 times what we had before the airport was constructed.

Mrs. HANSEN. They have a water cave on Rota.

Mr. JOHNSTON. As you probably know, Madam Chairman, in Hawaii they have some fantastic water caves where they have drilled into the side of the mountains and they get millions of gallons an hour from it.

Mr. McKAY. Are they kind of like artesian wells?

Mr. JOHNSTON. Yes.

### WATER RESOURCES STUDY

Mrs. HANSEN. $85,000 is requested for a water resources study.

Why didn't the Office of Saline Water do experimental work in the Trust Territory instead of Saudi Arabia?

Mr. WILES. Saudi Arabia did pay for that project.

Mrs. HANSEN. That is all correct but why didn't they do some research in salinization problems in the Trust Territory?

Mr. WILES. They are doing some seawater research now down at North Carolina and, of course, that technology would be available to the Trust Territory if it is successful.

Mr. JOHNSTON. We certainly keep an eye on it and we are watching very closely the experiment the hotel has on Saipan. It is our understanding that the water in the hotel on Saipan is being produced at approximately a cent and a half per gallon, leaving out the cost of amortizing the equipment.

Does that include the equipment?

Mr. OYLER. Half cent for operations.

Mr. JOHNSTON. Half a cent for operations, 1½ cents if you include the equipment.

I think one important feature of this $85,000 for the water study is that an equal amount is being contributed by the U.S. Geological Survey. It is a participating program.

Mrs. HANSEN. They make a contribution?

Mr. JOHNSTON. Yes, ma'am.

### EMERGENCY AND MINOR CONSTRUCTION

Mrs. HANSEN. $350,000 is requested for maintenance and rehabilitation facilities. This includes emergency and minor construction, $200,000; heavy construction equipment, $115,000; public works warehouse and office at Kusaie, $35,000. You say:

> Funds are requested in this category to provide for unforeseen minor projects which arise as a result of some emergency.

Mr. JOHNSTON. Yes, ma'am.

Some examples that have been funded in the past fiscal year, in fiscal 1973, were repair to the dock at Ebeye, $14,000; $25,000 as the Trust

Territory Administration share of building chambers for the Congress of Micronesia which were destroyed by fire; and $28,000 to replace a key water treatment tank which had failed on Yap.

An example of one area that apparently will be too large, far too large for this fund, and we may have to seek some kind of emergency funding, was the seawall in Kusaie was virtually destroyed in recent wave activity and if it had been a smaller type disaster we could have used this fund to restore it. As it is, it may vastly exceed this.

### KUSAIE SUPPLY WAREHOUSE

Mrs. HANSEN. Justify your request of $40,000 for General Support Facilities.

Mr. JOHNSTON. That is to build a supply warehouse and office in Kusaie, provide storage for supplies and construction materials and so on.

### ECONOMIC DEVELOPMENT LOAN FUND

Mrs. HANSEN. $1 million is requested for the Economic Development Loan Fund.

Please describe this program and your accomplishments to date?

Mr. JOHNSTON. We have had considerable accomplishments to date. Since 1964 we have made 360 direct loans for a total of $2.7 million and 91 guaranteed loans totaling $3 million. At the present time we have more than enough applications pending to use up even the amount we are requesting. The District Economic Development Boards review and grant loans up to $10,000. Any above $10,000 are then sent to the headquarters Economic Development Loan Fund and are given priorities and the loans are determined.

We estimate that when we reach the total authorization of $5 million we could make roughly $5.8 million in direct loans and another $7 million in loans made by commercial banks with an EDLF 25 percent guarantee.

Mrs. HANSEN. How much of your $5 million authorization has been appropriated to date?

Mr. JOHNSTON. $3 million to date. This will bring it up to $4 million.

### MARINE RESOURCES PROJECTS

Mrs. HANSEN. In reference to marine resources you say:

"Loans to this sector would finance purchase of fishing boats and accessories, freezers and working capital to maintain shoreside operations, supplies and the like."

How many boats and how many freezers do you expect to buy for $300,000?

Mr. JOHNSTON. It is a little hard to say at the present time because we aren't sure just what it will be requested for, whether it will be for freezers or for boats.

As one example, we have some refrigerating barges, some freezer barges, that we acquired in Korea as surplus property and our retiring Director of Resources and Development took a group of Members of Congress plus some Palauan businessmen to the Philippines to actually observe one of these barges in operation and hopefully we can get these in operation.

Now, if they work properly and provide the necessary freezer capacity then nobody will be applying for loans for freezers. If the system doesn't work, then more of this would go into freezers and maybe less into boats.

### MISSING FISHING BOAT

Another variable is that in the dory program, which has been very successful in Ponape of these small fishing dories, one of them didn't come back a few weeks ago and we are still looking for it.

As of last night when I talked to Saipan, there had been a sighting of a boat that they thought might be the missing dory, but it had four men aboard and they had enough supplies that they could exist for quite some time with the fish they would catch, but the program has been successful and if it continues to be successful for another few months, it will undoubtedly be expanded into the other districts and people could then borrow money to purchase these dories and really be in the fishing business.

### FISH CANNERIES

Mrs. **Hansen.** Do you have any canneries?

Mr. **Johnston.** Not yet, Madam Chairman. We still have the problem——

Mrs. **Hansen.** You have to develop the industry first.

Mr. **Johnston.** We have tariff barriers, remember. Our fish is shipped to American Samoa where they can it and ship it back in duty free, where we can't. But we do have interests now, both by the United States and by Japanese interests, in building canneries in Micronesia, despite that, to export it to other countries.

Mrs. **Hansen.** What is your principal fish, tuna?

Mr. **Johnston.** Tuna mainly. Both the skipjack tuna and the yellowfin tuna just abound in our area.

### SUPPLY OF FISH

Mr. **McKay.** Apparently you will be beginning to get a supply of fish if these dories are successful? Where do they sell? Just domestic?

Mr. **Johnston.** They sell them domestically. First, they supply their own island and, I know, I purchased two large mahimahi for a price far below the market in other areas and yet they were able to make a profit on it, and they do ship them by air from one district to another when that district has completely satisfied its own local needs, but the purpose of this dory program is to provide fish for local consumption, including the hotels that are developing in the area.

The hotels right now, I think, buy almost the whole supply in Palau, don't they, Tom?

Mr. **Remengesau.** And in Truk.

Mr. **McKay.** There is sufficient demand for the present availability of fish?

Mr. **Johnston.** Oh, yes, that is correct.

### FOOD AND MEAT PRODUCTION

Mrs. HANSEN. Several times we have had testimony on your increased food and meat production. Is your food production increasing?

Mr. JOHNSTON. Well, I think our greatest progress still continues to be in egg production where two of our districts now are completely self-sufficient, need to import no eggs at all. The goal of Mr. Tsutsui is to have every district self-supporting, and I asked him just 3 weeks ago when he thought he would have that completed and he said with a little more cooperation in one of our districts he could have it completed within another couple of years.

Along with the production of eggs goes the production of chickens for eating purposes. In the Marshalls District one man who is employed by Global Associates, the prime contractor for the Kwajalein area, started a hog breeding experiment that has caught on and they are producing some excellent pork, particularly in the Marshalls District, and can expand it.

We frequently get help from the U.S. Defense Department in bringing both cattle and pork-producing animals into the trust territory for breeding purposes. We are also making progress in the production of vegetables, particularly in the Marianas and Palau, and Kusaie produces excellent citrus products. The big problem out of Kusaie is marketing because they now have no airport and virtually no dock facilities. We have the planning money for that. But hopefully Kusaie will some day be able to supply almost the whole trust territory needs of citrus fruits.

### SOURCE OF CHICKENFEED

Mr. McKAY. Where do you get your feed for your chickens? You don't raise it out there.

Mr. JOHNSTON. No; we have to import it.

Mr. McKAY. Where from? From here?

Mr. JOHNSTON. I believe it comes from Taiwan or the Philippines, doesn't it? Do you know, Ray?

Mr. SETIK. West coast.

Mr. JOHNSTON. From the west coast and from Japan.

Mr. McKAY. What do you ship in from Japan for chickenfeed?

Mr. JOHNSTON. I don't really know. I am afraid I couldn't answer that.

Mr. McKAY. I thought Japan imported everything they got.

Mr. JOHNSTON. I do remember that not too long ago we had a crisis where if the feed were not received by a certain deadline, the chickens would have to be destroyed in the manner they recently destroyed a number down in Mississippi, I believe it was, and we did get the feed to them by air, which certainly increased the cost of raising poultry in that area, but we didn't have any of the flocks destroyed.

### COST OF CHICKEN

Mr. McKAY. What does it cost you for chickens down there?

Mr. JOHNSTON. Mr. Setik is the expert. What do you get a pound for broiler chickens?

Mr. SETIK. Coming into the Trust Territory?

Mr. JOHNSTON. Or local ones.

Mr. SETIK. I think the present price is about 67 cents a pound from the west coast.

Mr. JOHNSTON. And the local ones are slightly below that, aren't they?

Mr. SETIK. Yes.

Mr. MCKAY. That is pretty good if you are shipping that feed from all that way.

### DAIRY FARMING

Mrs. HANSEN. Do you have a milk problem?

Mr. JOHNSTON. We have a milk problem. We get only this reconstituted milk. That is our milk problem.

Mrs. HANSEN. You just don't have dairy cattle?

Mr. JOHNSTON. We have no dairy herds.

Mr. MCKAY. Could they do well? Have you had any experiment to see if they would do well there?

Mr. JOHNSTON. The Foremost Dairy people did a brief survey some years ago, about 3 years ago or so on it. The problem is that to operate a milk bottling plant, a full-fledged dairy operation, you need a great deal of fresh clear water, more than the supply that we would have constantly available for a dairy operation, and that is one of the drawbacks to it. We could raise dairy cattle. We have some areas that we could raise them, and some people do, you might say, grow their own milk, but the dairy operations, we need a lot more water facilities before we could start that.

### HANDICRAFT PRODUCTION

Mrs. HANSEN. Will you explain your Cottage industries program.

Mr. JOHNSTON. Our tourism department is trying to encourage the production of handicrafts, and we have made progress with that. Most of the airports now have handicraft shops in operation. We have the new terminal open on Truk. The facilities on Majuro and in Palau are rapidly nearing completion, and within a couple of years we will have the new Saipan International Airport with a $3 million terminal facility. It will have all kinds of shops and stores in it, and handicraft production, although it isn't a major income-producing factor yet, is increasing, and we are trying particularly to keep the quality at a certain level.

We have noticed a slight tendency in a couple of the districts to mass-produce for the tourist market and the quality goes down, and we are trying to prevent that from happening in our area.

Mr. MCKAY. Most of it labeled "Made in Japan"?

Mr. JOHNSTON. No.

Mr. MCKAY. That is what happens at most airports.

Mr. JOHNSTON. We don't have the same problem that the stores on the Indian reservations and the national parks have where you buy the little Indian dolls that say "Made in Japan." They haven't started making our local handicraft yet.

### UNEMPLOYMENT DATA

Mrs. HANSEN. You say in the justifications:

> New jobs numbering 2,500 or more would be created by the influx of EDLF capital. The largest number of the new jobs created will be in semiskilled, unskilled, seasonal, and miscellaneous categories. This means that many underemployed Micronesians will be immediately drawn out of the territory's idle labor pool * * *."

What is your percentage of unemployment?

Mr. JOHNSTON. By U.S. standards of statistics with a 5-percent or 6-percent or 4.5-percent unemployment figure, it is very difficult for us to come up with anything like that because roughly 50 percent of our people live on a subsistence economy where they are not employed in a sense of being on anybody's employment rolls. They are completely self-sufficient.

Mrs. HANSEN. They want to be independent and live in their own way.

Mr. JOHNSTON. That is right. Then in various districts they have cultural patterns that are based on income of an entire family rather than an individual. But I think it is significant that the new hotel which opened on Saipan had openings for just under 200 jobs and had over 750 applications and this astounded many of us. The prediction was not that they would have that many applications. So there are a couple of hundred people employed now very happily who weren't employed before.

[Brief recess.]

### FUNDS FROM OTHER FEDERAL AGENCIES

Mrs. HANSEN. You list in the justifications the anticipated grants from other Federal agencies for fiscal years 1974 and 1975. What are the important changes which you expect in 1975 other than those you mentioned this morning?

Mr. JOHNSTON. A sea grant program will apparently drop from $70,000 to zero. The Territorial Economic Opportunity Office will no longer be funded. That is $10,000.

### ACCOMPLISHMENTS OF OEO PROGRAMS

Mrs. HANSEN. What has OEO accomplished in the Trust Territories?

Mr. JOHNSTON. For one thing, they have administered the headstart program, which has been very successful in the trust territory, and they have also had training programs in various areas of business activity which are supplemental to rather than competing with our government training programs.

They have gotten into youth activities to a great extent, been very helpful in that endeavor.

Mrs. HANSEN. Apparently your headstart is going to continue.

Mr. JOHNSTON. Yes, ma'am, but we would have to restaff our education department in some way to take care of it if the community action agencies were discontinued.

Mrs. HANSEN. So it would be necessary to replace that $10,000; is that correct?

Mr. JOHNSTON. That is merely for the salaries of two people to operate the office. The $519,000 is the amount for the community action agencies.

Mrs. HANSEN. Have the community action agencies provided your training programs?

### FEDERAL PROGRAM REPLACEMENT FUNDS

Mr. JOHNSTON. Yes, ma'am, and the operation of the headstart program. These were all in the $2,750,000 that we discussed earlier as requesting under our extra $10 million authorization for replacement of Federal categorical grants.

Mrs. HANSEN. You have a public employment program.

Mr. JOHNSTON. Yes, ma'am.

Mr. Oyler advises that we are not requesting continuance of that.

Mrs. HANSEN. You did quite a bit of job abolishing yourselves. I see your donated food commodities program is down to $505,000 from $1,310,000.

Mr. OYLER. Yes, ma'am.

Mr. JOHNSTON. Yes.

Mrs. HANSEN. Are there any other comments you want to make on the categorical grants?

Mr. JOHNSTON. I would say, Madam Chairman, that I would certainly support the request made by Mr. Setik of the Congress of Micronesia in his asking this committee to include the $2,750,000 which, although not under our regular ceiling authorization, is under the special authorization for replacement of Federal programs. These are very important to us and I think Congressman Setik has very effectively made a good point that this money would be used to good advantage if it could be made available to us.

### CONGRESS OF MICRONESIA REQUEST

Mrs. HANSEN. Congressman Setik handed me a letter this morning which I will insert in the record.

[The letter follows:]

The budget estimates which were approved by the Joint Committee on Program and Budget Planning of the Congress of Micronesia contained funds for the two new field trip vessels and for extension of the airfield at Truk. These items were included by the High Commissioner and approved by the Congress of Micronesia. However, after the budget in this form reached Washington, the money for the ships, airfield, and other items was shifted to land cadaster programs and other areas. This change was at the request of the Office of Micronesian Status Negotiations of the Department of the Interior, and not at the request of either the High Commissioner or the Congress of Micronesia. Therefore, the fiscal year 1975 budget in its present form is not the one either submitted by the High Commissioner or approved by my committee. Furthermore, since learning of these changes, I have contacted Senator Lazarus Salii, the chairman of the Joint Committee on Future Status of the Congress of Micronesia, and he advised me that in his opinion the importance of the additional land cadaster money does not rank in the highest priority over the new ships or the airfield.

Therefore, we strongly urged that at least one new ship be included in the Second Supplemental appropriation for fiscal year 1974. However, we were advised during hearings before the U.S. Senate Subcommittee on Appropriations that such an item properly belongs under a regular appropriation and not under a supplemental. It thus appears that unless the House and Senate Subcommittees on Appropriations see fit to include—as a minimum—one new ship in the fiscal year 1974 Second Supplemental, we will be faced with a set of uncomfortable alternatives with regard to our presentation on the fiscal year 1975 budget and also with regard to the fate of the items which we wish to see included in that budget.

If we do ask for inclusion of certain items at the exclusion of the land cadastre funds, we shall be at apparent odds with the High Commissioner's position—since he cannot properly support a request other than that of the Department of the Interior and its agencies. Should this occur, then it could mean that a compromise may be worked out during the hearings, or, what would be extremely unfortunate: A need to defer the hearings until agreement can be reached. Quite frankly, we do not relish the latter prospect since, as you know, the ultimate control of grant funds is still a matter for disposition of the administering authority while the Congress of Micronesia retains only advisory powers—a situation we have sought to have altered in the past as witnessed by our requests that the Congress of Micronesia have the authority to allocate a block grant from the U.S. Congress.

A second alternative is for us not to bring this problem to light during the hearings. The alternatives in this case are twofold. If, in accordance with the Secretary of the Interior's policy statement of January 23, 1974, and in accordance with certain discussions we have heard, it is intended to seek new authorization levels for fiscal years 1975, 1976, and 1977, then the ships and the airfield could be included at a later date as part of what would then be the regular appropriation. If this does not come to pass, then the next opportunity to seek funds will be in the fiscal year 1976. This leaves a considerable gap of 4 years until a second field trip vessel can be constructed and an uncertain future for the Truk Airfield.

We hope the foregoing adequately explains the situation we find ourselves in and what we see to be our problems. However, we are not only willing to present our problems to you, but also wish to present what may be solutions to them. They are listed below in our order of preference:

1. One field trip ship replacement would be funded in the fiscal year 1974 second supplemental. Because of the nature of the process of bid and construction, the funds can be obligated almost immediately. Funding for the airfield could then be taken from the $3 million proposed for land cadastre, the remainder of which could be used for the land program. A variation of this approach would be for the continuation funds for land cadastre being met through the second supplemental and both the ship and the airfield being funded from the $3 million. An additional ship and the remainder of the cadastral funds could then be sought if the fiscal year 1975 ceiling were to be raised.
2. If it were determined that no additional funds may be found under the 1974 ceiling—even though about $1.6 million remain—then we would request as a minimum that $1.6 million of the $3 million in fiscal year 1975 for land cadastre be allowed for the new ship and the remainder be used to continue the cadastral program. The third ship, the airfield, and continuation of the land program funds could be sought at a subsequent date.

We would thus leave the final choice between these two alternatives up to you, since what influence the Congress of Micronesia may have has already been expended at the appropriate levels.

Before closing this rather lengthy, but, we feel, necessary, epistle, I would also like to present our views on another subject. We are aware that Public Law 93-111 (87 Stat. 354) authorized $10 million to replace federally funded programs and projects which would be terminated as a result of revenue sharing. We have found in practice, however, that requests under the heading of this authorization have received no action. For example, in the fiscal year 1974 second supplemental, a total of $938,000 was requested by the trust territory in the original proposal. This would have included funds under the Hill-Burton Act to construct 16 much needed, new dispensaries, funds for public library projects, and also funds to offset loss of certain Economic Opportunity Act money.

Unfortunately, this request was disallowed by the President's budget office and did not appear in the final document submitted before your subcommittee.

Similarly, the trust territory request for fiscal year 1975 included an amendment totaling $2,750,000. This money would have provided funds for 16 more dispensaries under the Hill-Burton Act, funds to continue the very effective

Community Action agencies throughout the trust territory, funds for food assistance programs to schools and needy families, and funds for several valuable projects in elementary and secondary education, and library services.

Again, this request was disallowed by the budget office in Washington.

It would not only be ironic, but also it would also have a strong adverse impact on Micronesia if these programs and projects were not allowed to continue, despite the fact that $10 million has already been authorized to this purpose. Furthermore, our requests have come nowhere near the allowable ceiling. (I have attached copies of the pertinent budget documents which provide complete details and justifications.) I thus, on behalf of the Congress of Micronesia, strongly appeal to you to see that these funds are appropriated to prevent such assistance from being irretrievably lost to the people of Micronesia.

In closing, I should like to note our awareness of the irregularity and difficulties which you have sometimes witnessed in the past and continue to recognize with respect to appropriations for the Trust Territory of the Pacific Islands. Most certainly, if the Trust Territory of the Pacific were simply a department or an agency—rather than a developing area with people living on far-flung islands, both your job and ours would be easier.

However, the fact remains that Micronesia's needs and requirements are not always easily identifiably or readily open to simple solutions. We are speaking of a growing population of men, women, and children who need and require certain basic, human services; of a people who have aspirations for their future government; of a people who are most certainly grateful and appreciative of the past assistance and support by the United States—a situation which we hope will result in achieving a future where both Micronesia's and America's goals and objectives will be accomplished.

Mrs. Hansen. This letter is signed by Representative Raymond Setik, chairman of the Joint Committee on Program and Budget Planning, Congress of Micronesia.

### REQUEST FOR SHIP

Why wasn't the Congress of Micronesia's request honored?

Mr. Johnston. Well, it appeared, Madam Chairman, at the time the final decisions were being made on the budget that there was a tremendous desire on the part of the people of Micronesia to have the public lands returned to the districts.

One district, the Palau District, was on public record as insisting that this be accomplished before they engaged in any further negotiations on the future status of Micronesia. However, the bill which was introduced into the Congress of Micronesia relatively early in its last session to set up the basic program for return of public lands to the districts was not passed by the house of representatives and therefore failed of passage, so that we do not have the basic implementing legislation for the program.

It may be that at this point in time there should be some reassessment of the priorities, but we are hoping, if we can get the additional $15 million ceiling, that part of that will be used to purchase five or six new field trip vessels in the fiscal 1975 appropriations.

### STATUS OF NEW CEILING AUTHORIZATION

Mrs. Hansen. What is the current status of your authorization ceiling legislation?

Mr. Carpenter. It is pending before OMB.

Mrs. Hansen. Will it be submitted before Christmas?

Mr. Carpenter. I agree certainly with what the High Commissioner has said, that we were faced with a very strong desire on the part of the Micronesians to have the return of public lands implemented and to do that it was necessary to accelerate the land cadastral program.

Mrs. HANSEN. Apparently they wanted a vessel and an airfield more than they did the land.

Is that correct?

### NEED FOR SHIP

Mr. SETIK. Actually the present situation, Madam Chairman, is that it happened that one mother and baby died without the evacuation because there is no one to give service, and the situation happens on supply of food, of course.

Mrs. HANSEN. Congressman Setik, the supplemental has already been marked up by the committee. My guess is that after it passes the House, then the Senate will mark it up and they could have an opportunity to consider your request for the vessel.

Mr. OYLER. There is $1.6 million in unappropriated authorization for 1974.

Mr. JOHNSTON. We still have $1.6 million that could be used to purchase one more ship.

Mrs. HANSEN. That request will have to be considered by the Senate because the committee has already marked up the supplemental bill. This is one alternative.

The other alternative is that this could be considered in the 1975 budget, but it would have to be a replacement of some of your other items, as you suggested.

### NEED FOR PUBLIC LAND SURVEY PROGRAM

Captain SCOTT. Madam Chairman, may I make a statement?

Mrs. HANSEN. Yes.

Captain SCOTT. As Mr. Carpenter said, the return of public land was the most urgent thing that was presented to us, the Americans, by the Joint Committee on Future Status. They made a precondition to continuing future negotiations with them that public land in Micronesia be returned to the Micornesians and, as Mr. Carpenter said earlier, a policy was developed this fall and promulgated on the 2d of November which laid out the program for returning public land.

A part of this was an accelerated cadastral program which would take 3 years to do. The cadastral program in Micronesia is woefully behind and if it were not accelerated would take at least 20 years to finish.

In order to get this cadaster completed $6 million was the best estimate we could get from the trust territory government. This program I believe has already been contracted for, the $800,000 just being made available for the first phase of it.

Mrs. HANSEN. Yes, but you can't contract for programs in the fiscal year 1975 budget because the funds haven't been appropriated.

Captain SCOTT. That is true, but the whole program has been developed and we can't return the public land until it is completed. We are going to run up against another impasse in negotiations unless we can get this public land returned

Mrs. HANSEN. What kind of an impasse do you think the Appropriations Committee has?

Captain Scott. That is one also. When the land policy statement came out we didn't specify where the money should come from. We just said this was a requirement and should be——

### PRIORITIES IN 1975 BUDGET

Mrs. Hansen. You were operating against a known ceiling of $60 million so you made your budget choices and the land program was of higher priority than the airfield or the ship. Isn't that correct?

Mr. Oyler. Yes, ma'am.

In the trust territory in consultation with the Department, we identified the items that would come out to make room for the land program.

Mrs. Hansen. Apparently they have changed their minds. This letter was written April 2 and was handed to me this morning.

Mr. Oyler. We prepared the initial list of projects to be canceled and at that time we were hoping that the two ships that were originally in the budget could be secured in the 1974 supplemental, but now to date we have had no success getting the ships into the supplemental and so Representative Setik is concerned again about the ships.

Mr. McKay. Congressman Setik, do you feel that that priority ought to be changed if you can't raise that ceiling? Would you feel that is the feeling of your people?

Mr. Setik. If the ceiling is raised, as he said, to $75 million, perhaps there might be a chance of accommodating the present day needs.

Mr. McKay. But if it isn't.

Mr. Setik. Then something has to be done within the 1975 budget.

Mr. McKay. So you are in favor then of changing the priorities as listed here for the boat and so on, to the airfield.

Mr. Setik. Yes. I speak for the Joint Committee on Program and Budget Planning.

### 1974 SUPPLEMENTAL BUDGET REQUEST

Mrs. Hansen. The only budget supplemental requests approved by the OMB were for fuel cost and the cost of overruns at Ponape.

Mr. Wiles. Yes, Madam Chairman.

Mr. Carpenter. We are hopeful that our request for an increased authorization will receive OMB approval, and if so, then we would plan, as the High Commissioner said, to include a number of field trip ships in that additional ceiling, so that would, I think, solve the problem Mr. Setik has raised.

Mr. McKay. That is based on an assumption that may not follow.

Mrs. Hansen. OMB is not a very reliable organization. After they submitted their regular budget proposals they are constantly submitting budget amendments.

The committee has completed our hearings on some departments, and lo and behold they submit a budget amendment. They knew perfectly well that there was an energy crisis.

The committee is very sympathetic to replacement of vessels, but at the present moment I think the best recourse is to go to the Senate. Have they completed their hearings?

Mr. Carpenter. Yes.

Mr. WILES. As that letter says, Senator Bible indicated to the gentlemen from Micronesia that the ship was more a 1975 item than a supplemental-type item.

Mrs. HANSEN. That is correct.

Mr. WILES. The Senator agreed with the two requested supplemental items.

[Discussion off the record.]

Mr. WILES. The Senator indicated that kind of expenditure was more of a regular budget item than a supplemental-type item.

Mrs. HANSEN. In the ordinary sense of procurement it would be, but because their sole transportation is by water it isn't ordinary. It would be like consigning the Navy to no purchase of ships.

Apparently the Micronesian Congress made the agreement with your negotiators that the land return to the Micronesians was of high importance.

Now the committee receives another recommendation from the Congress of Micronesia. If we were to shift the budget from your land program there could possibly be an uproar when some land isn't returned to the Micronesians because of the shortfall in the program.

Maybe these particular Micronesians will never have occasion to use the new boat so they are not going to be very happy. So you see the very difficult problem that you have on priorities.

The negotiators have some difficulties, too, because they have to reflect the wishes of Micronesians in their negotiations; is that not correct?

Captain SCOTT. Yes.

Mr. SETIK. Madam Chairman, as the High Commissioner pointed out, the return of land legislation is pending in the Congress. If the High Commissioner calls for a special session, perhaps at that time they may be able to resolve the problems and they will either pass the bill or let the bill die.

In the meantime the present need is for the ship.

### COST OF TRUK AIRFIELD

Mrs. HANSEN. What about the airfield?

Mr. SETIK. Well, the airfield on Truk is also one of the shortest airfields——

Mrs. HANSEN. How much is that going to cost?

Mr. OYLER. About $1.3 million, Madam Chairman.

Mrs. HANSEN. I think you all should have a conference together and decide what your priorities should be. I don't know whether you can rely on a new authorization ceiling in time.

What do you think, Mr. Carpenter?

### POSSIBLE INCREASED AUTHORIZATION

Mr. CARPENTER. As I said, I have certainly reasonable expectations——

Mr. HANSEN. It has to go through Congress after it is submitted.

Mr. CARPENTER. Yes.

Mrs. HANSEN. You have two committees involved.

Mr. Carpenter. I know. I still have reasonable expectations of getting it through, Madam Chairman. I can't certainly speak for OMB or anybody else.

[Discussion off the record.]

### MICRONESIAN CLAIMS FUND

Mrs. Hansen. Will you please explain the status of the Micronesian claims fund and the need for additional appropriations at this time?

Mr. Johnston. There are two separate claims arrangements, Madam Chairman. One of them is the ex gratia payment participated in jointly by Japan and United States for damages incurred prior to the end of hostilities, prior to the securing of the island by the U.S. forces near the end of World War II.

The other category of claims is what we call postsecure claims which are claims purely against the U.S. Government for land that was used or property that was destroyed or taken in the period after the islands were secured and before they were turned over to the civil administration of the U.S. Government.

Mrs. Hansen. How long a period was that?

Mr. Johnston. It is from 1944 to July 1, 1951, which is approximately 7 years.

The amount authorized for the postsecure claims is a total of $20 million and we are requesting $1.4 million of that amount in fiscal 1975 to begin the payment of postsecure claims. That is the amount that we estimate we will need for that year.

Mrs. Hansen. Do you have any questions?

Mr. McKay. How do you arrive at that guesstimate?

Mr. Johnston. Well, it is a guesstimate completely.

Mr. McKay. Do you have a number of claims presently filed?

Mr. Johnston. Right. The period for filing claims expired October of 1973, but the membership of the War Claims Commission operating on Saipan have not yet provided us with the total amount. They say that they are very close to this, to evaluating the claims, not adjudicating them or awarding them, but evaluating them to give us a fairly good guess on it. This was just our best estimate of what would be needed in fiscal year 1975.

The Secretary of the Interior—I believe I am correct, Mr. Carpenter—has delegated to you and to me jointly the right to pay the claims which are supposed to be paid by the Secretary of the Interior after the judgments are made by the Claims Commission and we are trying to proceed on the basis of making partial payments on some of the claims.

Mr. Carpenter. Yes.

Mr. Johnston. The law allows that a death claim shall be paid up to $1,000 upon being decided in favor of the claimant and that other claims can be prorated and I believe we are currently thinking of roughly a 25-percent proration. This would provide for possible up to 50-percent proration.

### CLAIMS STATISTICS

Mr. McKay. How many claim applicants do you have?

Mr. Johnston. 11,098.

Mr. McKay. What is the population?

Mr. Johnston. The population is about 114,000 now.

Mr. McKay. You have 11,000 claims.

Mr. Johnston. Title I, which is the ex gratia payment, which must be within a limit of about 11.5 million U.S. dollars, now is $1,573-301, 459, plus 4,260,476,848 yen.

Mr. McKay. Are the Japanese going to pay that, or are we going to pay that, too?

Mr. Johnston. No; I doubt it.

Mrs. Hansen. They are going to pay $5 million.

Mr. Johnston. This is the amount asserted. Is that amount either/or, or both?

Mr. Oyler. Both. Some claims are expressed in yen and others in dollars.

Mr. McKay. Did you say the first figure was $4 billion presently asked for?

Mr. Johnston. 4 billion yen.

Mr. McKay. What was the other figure?

Mr. Johnston. $1.5 million.

Mr. McKay. The claimants asked for the figure?

Mr. Johnston. That is what they have asked for, right. Then under title II, the post-secure claims, it is 20,063,852 yen plus 11,144,352,918 U.S. dollars.

Mr. McKay. What did we do after 1944 out there?

### NUCLEAR TESTING PROGRAM CLAIMS

Mr. Johnston. The title II amount includes $9 billion claimed by the Micronesian Legal Services Corp. as a result of the Bikini and Eniwetok tests.

Mrs. Hansen. That shouldn't be an Interior charge at all.

Mr. Carpenter. As you can see, these are at the moment very raw figures.

Mr. McKay. They sure are.

Mr. Carpenter. The Administration of the Claims Act of course is handled by the Foreign Claims Commission and they set up their own claims commission in Saipan. Our role in it is simply to pay off on the basis of their adjudications.

As the High Commissioner has pointed out, we do expect to receive from them shortly an estimated total value on the basis of which we would prorate claims until they finalize the whole adjudication process. They have 3 years in which to do that.

Mr. McKay. You are going to get double claims here because you are also in a program of rehabilitating under public works those islands; is that right, for their repossession?

Mr. Johnston. That is correct, yes, plus the fact they have trust funds which were established by the United States.

Mr. McKay. So then you are going to give them, if they get it, these billions, $9 or $11 billion above that as a claim after they get it refurbished.

Mr. Johnston. I wouldn't say we were going to give it to them, no. If I might, Madam Chairman, may I go off the record.

Mrs. Hansen. Yes.

[Discussion off the record.]

### ENIWETOK REHABILITATION

Mr. McKay. How much does it cost us to refurbish Eniwetok and Bikini and so on?

Mr. Johnston. Eniwetok may be as high at $12 million.

Mrs. Hansen. Why should that be funded within your authorization?

Mr. Johnson. Mr. Carpenter says it will not be.

Mr. Carpenter. We are asking for a separate authorization for that money and that part would only cover the rehabilitation. DOD is handling the cleanup, which will be much more expensive really, and that will be in a separate authorization.

Mr. Oyler. We should make clear that it is a split funding thing for Eniwetok and the $12 million would be Interior's share for the rehabilitation cost only. The cleanup would be funded by other agencies and would be in addition to that.

Mrs. Hansen. Would you kindly enlighten me as to why Interior should have any responsibility?

Mr. McKay. That ought to come out of the military budget, shouldn't it?

Mr. Oyler. The Director of the Office of Management and Budget made the funding decisions.

Mr. Carpenter. I know it and this decision was sent up to OMB and they decided that Interior should handle the rehabilitation.

Mrs. Hansen. I don't think it is a proper charge against Interior. I think there is some justice in taking it out of the Defense budget and out of the AEC budget. Those are the two budgets where it belongs.

If the Defense Department decided to bomb my house tomorrow do you think I could come and ask the State of Washington to rebuild my house? No; I would say the Defense Department can rebuild it. That is just commonsense.

What we have been engaged in in the Interior Department is the activity since 1951 of making Micronesia a self-reliant structure of government. I don't think that your expenditures, even if it is a separate authorization, should be cleaning up after bombs.

Mr. Oyler. The other departments are funding the cleanup and we are funding the rehabilitation and restoration of facilities.

Mrs. Hansen. I know, but Interior has no business funding the rehabilitation. What you want to add in the way of improvements, that is a perfectly proper expenditure.

Mr. Oyler. Essentially that is really what we are doing, Madam Chairman.

Mrs. Hansen. I am not so sure.

Mr. Oyler. We are going to have a new community there that never really existed in that form before the bombing. We will be replacing traditional type structures with modern houses.

### LOCAL REVENUES

Mr. Long. The Government of Micronesia provides only about 8 percent of its own operating funds. What is being done to increase the government's self-sufficiency, looking toward eventual self-government?

Mr. JOHNSTON. We should note first that the government will continue to need external financial assistance for many years to come. Nevertheless, we are taking steps to lay the foundation for economic development and higher levels of internal income. An important first step is the installation of the physical infrastructure necessary as a base for development. We still need roads, airfields, ships, water, sewers, power, and communication facilities. With these in place we can then hope to attract and service tourists in larger numbers for a bigger contribution to the economy. We are also trying to emphasize agricultural and marine resources development programs to contribute to the economy. Those areas represent the best possibilities for additional needed development at the present time.

### PER CAPITA INCOME

Mr. LONG. What is the average per capita income in Micronesia?

Mr. JOHNSTON. That is a little hard to say since we have really two economies which exist together. In the subsistence economy, a family may exist on an outer island on a cash income from copra of perhaps $100 to $150 per year. This would apply to nearly half of the people. In the District Center cash economy, the average wage is about $2,500 per year.

### YAP HOSPITAL REQUEST

Mr. LONG. $2,245,000 is requested for a new hospital for the Yap District. On page 27, it is indicated that the present hospital is used to only 43 percent of capacity. Please explain fully the need for a new hospital for the Yap District.

Mr. JOHNSTON. The Yap Hospital is one of the most obsolete and dilapidated facilities in all of the Trust Territory. It presently occupies an old Japanese building right in the District Center adjacent to the administration building. The hospital is hopelessly overcrowded for office functions, inefficiently laid out for all purposes, incapable of any expansion at the present site, and is looked on with dislike by patients and staff alike. One reason for the apparent low-rate of occupancy is certainly its condition. It is also true that the average occupancy rate hides the extremes of occupancy which is often much higher for short periods of time. The new replacement hospital will be about 45 beds or about the same size as the existing facility. It will be of concrete block and contain surgical and delivery rooms, outpatient, EENT, and emergency rooms, a dental clinic, a public health clinic, and administrative offices. The hospital is expected to be ready for use by late fiscal year 1976. The new hospital is the highest priority project in the minds of the Yapese people.

[Discussion off the record.]

### CLOSING REMARKS

Mrs. HANSEN. Thank you very much, Mr. Carpenter, Mr. Johnston, Congressman Setik, and the very distinguished District Administrator in Palau. We very much appreciate having you with us today and I am glad we had the frank discussion about the budget details.

We do understand your problems. Please give my greetings to the people of Micronesia. I am still waiting for you, Congressman Setik, to bring a woman Member of your Congress to the hearings.

Mr. JOHNSTON. We would certainly like to thank you, too, Madam Chairman, for all of your kindness, not only in this hearing but the many others that we have had before your committee. My apologies for not being able to attend the supplemental hearing, but I had, unfortunately, been subpenaed by a branch of this Congress, the Civil Aeronautics Board, to testify on that date.

Mrs. HANSEN. We understood.

Mr. JOHNSTON. We would like to say that way we feel about it is is that not only will your constituents lose your services when you retire but we all feel that we will lose something, too.

Mr. CARPENTER. I would like to join in the High Commissioner's sentiments as expressed by him, Madam Chairman, not only for the Trust Territory but for American Samoa and the Virgin Islands and Guam.

You have heard all our problems the last 2 days and we certainly have appreciated all the attention and interest you have given to us.

Mrs. HANSEN. Mr. Carpenter and Mr. Johnston, and members of the Micronesian Government, it has been a genuine pleasure to work with you through the years and I think that is why I am reluctant to see any decrease in your services because the committee has worked so hard to try to make sure your life was made a little better.

Thank you all very much.

## CLOSING REMARKS OF MR. SETIK

Mr. JOHNSTON. If we may, Madam Chairman, Congressman Setik would like to say a few words at this time to close the session.

Mrs. HANSEN. I would be delighted.

Mr. SETIK. Madam, I have a closing statement to make that I wish to read as a part of the record.

It is with regret that I appear before you today—regret not in connection with appropriations priorities, or project funding, but rather regret at the circumstances surrounding this hearing. We have learned that the distinguished "Chairperson" of this very effective subcommittee has decided not to return to the 94th U.S. Congress.

I am sure my colleagues in the Congress of Micronesia would agree with me that if it were within our power, we would not allow you to relinquish your seat in this Congress.

This expression of our esteem for you, springs from the many years you have patiently listened to our requests, and listened with understanding, and empathy. Your courtesy and kindness to members of Congress as well as to members of the trust territory administration will be long remembered.

We have no doubt that your colleagues in the U.S. Congress will deliver accolades upon your retirement from their domain, not the least of which should be for having the honor of being the first woman to chair an appropriations subcommittee in the House of Representatives.

Words of course cannot convey totally our deep respect and appreciation for your work on behalf of the Congress of Micronesia and the people of Micronesia. Therefore, we wish to present to you today, some small gifts from Micronesia, as tokens of our appreciation for the very fine person and the very effective Member of Congress that you are. While there still may be the opportunity to appear before you before next year I would like at this time to offer to you a standing invitation to visit Micronesia, her people, and her islands, at which time you will have the chance to sample our famous Micronesian hospitality while seeing what accomplishments and progress have been made in Micronesia due to your personal efforts and interest.

Before closing, and in his absence, I would be remiss if I did not also extend our similar sentiments to Representative Wendell Wyatt, another true friend of Micronesia who has also been of great assistance to our people in the Trust Territory. It is unfortunate that I only learned yesterday that Congressman Wyatt has also decided not to return to the 94th Congress.

Thus our regrets at this hearing are doubled because of your decision to leave. We also unfortunately did not anticipate this event, and have no mementos to deliver to you at this time. However, I will see that this omission is corrected immediately upon my return to Micronesia.

Finally, I wish to also extend to you and Congressman Wyatt the same invitation to visit Micronesia whenever—and as often—as you can to partake of our hospitality.

Mrs. Hansen. Thank you very much, Congressman Setik.

On behalf of both Mr. Wyatt and myself may I say thank you.

Mr. Setik. I have some gifts.

Mrs. Hansen. You have been very gracious. Thank you very much for your thoughtfulness. I particularly appreciate your words.

I also would like to thank Captain Scott and the other gentleman from the Office of Micronesian Status.

Mr. Johnston. We thank you again, Madam Chairman.

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